



Daily Report

Latin America

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Cuba

Number of Visiting U.S. Businessmen Said To Increase

PA2504020095 Havana PRENSA LATINA in Spanish
0525 GMT 24 Apr 95

[By Julio A. Machin]

[FBIS Translated Text] Havana, 24 Apr (PL)—The number of U.S. businessmen who have traveled to Cuba to see this market with their own eyes despite the U.S. Government ban is increasing, a Foreign Investment and Economic Cooperation Ministry [MIECE] official has said.

Ismael Sene, the MIECE official in charge of negotiations with U.S. businessmen, has told PRENSA LATINA: "We can hardly attend to all of the arriving executives." He has said he has received delegates of 180 enterprises since 1994, many of them among the largest in the United States.

Sene has said the potential investors have already signed letters of intent with Cuban authorities to do business as soon as the embargo, which has lasted 33 years, is lifted. Most of the interest centers around tourism, pharmacology, and infrastructure, he added.

The official has said the number of signed projects is not the important point. "Anyway, the biggest obstacle is their own government, which bans trade with Cuba," he has said.

The subject most frequently mentioned by the U.S. media is claims by U.S. enterprises whose properties were seized by Cuba. Nevertheless, it is seldom recalled that the Supreme Court of Justice ruled these Cuban Government actions legal in 1964. Although compensations for owners of seized assets have been contemplated, legal obstacles in the United States have prevented the enterprises from negotiating with Cuba the payment of these compensations.

Five of the 38 claiming enterprises have sent delegates to Cuba to state the enterprises' basic interest is doing business, the source has said.

According to an official Cuban report, the 22 most prominent firms which had been operating in Cuba and which moved to the United States, employ more than 1,000,000 workers and reported total sales for \$263.29 billion last year.

The Cuban report, which was based on a BUSINESS WEEK report entitled "The 1,000 Most Valuable Enterprises in 1994," has indicated that six of the 10 largest U.S. enterprises, four of the companies with the largest sales volume, five of the companies with the biggest profits, and six of the 10 enterprises owning the most valuable assets have sent representatives to Havana.

Asked about the businessmen's general impression at the end of their visits, Sene has said that they had expected

to find a country with streets filled with tanks and dire poverty, as is described in the campaigns against Cuba but that they now are persuaded these reports were wrong.

The vice president of one of these enterprises has said certain poor countries with considerable natural resources would like "to suffer" a special period similar to Cuba's. What has left the greatest impression on the visiting businessmen, he has said, however, is the Cuban people's absence of resentment against them.

Sene has said the number of delegates of enterprises who arrived in Havana increased after the Helms bill was presented. If the bill is passed, Havana will "explode" in a few days, he has said.

A visiting executive has said the number of questions to be answered before entering the United States if the proposal is approved would be so large that the last passenger of an international flight would require nearly an entire day to complete the immigration and customs procedures at the airport.

In addition, European enterprises, concerned over the large number of U.S. businessmen visiting Cuba, are hurrying to close deals and sign agreements. Sene has said: "European and Latin American businessmen know the Cuban Government regards very highly the decision to invest despite the U.S. Government pressure."

Each of 21,000 Guantanamo Detainees Costs U.S. \$8,000

FL2504021395 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] The U.S. Government has spent over \$8,000 on each of the more than 21,000 Cuban immigrants who have been detained at Guantanamo Naval Base since last August. A report by the Latin American Business Report enterprise stresses that according to U.S. authorities, only 3 percent of those rafters who left their country for the United States meet the requirements for immigrant visas.

Commentary Views Bombing in Oklahoma City

PA250404549- Havana Radio Havana Cuba in Spanish 0000 GMT 25 Apr 95

[Commentary from the "Radio Havana Cuba Comments" segment of the "Evening Information Review" newscast]

[FBIS Translated Text] The terrorist attack that killed dozens of people in Oklahoma City last week inserts itself in a deadly trend that has appeared recently on the world political scene. The antecedents of this attack are the terrorist attack on New York City's World Trade Center, the criminal attack on the Jewish Center headquarters in Buenos Aires, Argentina, and, most recently,

the spreading of war gases in the Tokyo subway. We could also mention the many attacks on public officials and journalists in Algiers, a point which is assuming alarming levels.

Terrorism has always been an instrument of ineptitude, arrogance, and extremism used during the most diverse confrontations. It has been used, since the old Chicago days, by gangsters. Terrorism is also used by extremist political or religious groups, fanatics, and maniacal people who by acting this way declare themselves unable to fulfill their ideas and objectives.

No one can justify or endorse terrorism, the consequence of which is often the death of many innocent people and almost never the success terrorists seek, the reason why the Oklahoma City terrorist attack, which produced shock in the United States and angered the U.S. Government, is also the object of international rejection and damnation.

As soon as the action became known, official suspicion fell on Arab organizations that have used these tactics, and judging from statements by William Clinton, the idea that the action had a foreign origin was winning ground. This should surprise no one, considering Washington has carried out, directly or indirectly, quite a few felonious actions throughout the world.

The angry reaction by the U.S. officials led to the belief that a wave of reprisals and a witch-hunt against undesirable or suspicious looking foreigners would be unleashed, a true wave of xenophobia which would very much suit the promoters of so-called Proposition 187 against foreigners without legal documents. The arrest of two suspects, both of them North Americans, apparently white and members of neo-Nazi organizations in the United States, however, has removed the fuse of the explosive charge that was about to explode.

The neo-Nazi groups, which are being protected by ultrarightist trends that predominate in U.S. political and economic power circles, are composed of extremists capable of committing the worst kinds of atrocities, inspired by the ideology they claim to defend. They also exist in Western Europe and are beginning to emerge in Eastern Europe, where they are actively participating in attacks on foreigners from the Third World who emigrate to rich countries seeking employment.

Undoubtedly, U.S. society, which has generated an increase in violence, drug addiction, and crime, has all the ingredients for the types of situations such as that in Oklahoma City, the aberrant events of Guyana, where more than 500 people were murdered, the bloody orgy of the Charles Mason gang, the Waco tragedy, and others that have occupied media space in recent times. There is no need to look at other countries to find people capable of committing the worst kind of crime.

President Clinton should take advantage of this occasion to see whether he could push forward his program

against crime despite the presence in the U.S. Congress of a Republican majority headed by the most extremist people of the ultraright, the ones protecting the worst kind of terrorist.

Commentary Examines Effects of Helms Bill on Cuba

FL2404170195 Havana Radio Rebelde Network in Spanish 1155 GMT 24 Apr 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Good morning. In a previous commentary I discussed the extra territorial character of the Helms-Burton bill and its absolute disregard for the sovereignty of other states. Now let's examine how the bill would effect Cuba in the future. Perhaps the most cynical aspect of the bill is that its stated objective is to support the self determination of the Cuban people, and it purports to recognize Cuban citizens' national right of sovereignty, which should be exercised without interference from any other government. However, it immediately establishes a series of alignments to implement so-called representative democracy in Cuba. It proposes that a so-called transitional government would be installed, once the Revolution has been destroyed, to govern for a period of one year. Although it does not specify who the members of this government will be, it is clear that it refers to the extreme right annexationists in Miami. Nor does it specify who would appoint it, which makes one assume it would be the U.S. Government. Subsequently, multiparty elections would be held, supervised by the United Nations and the Organization of American States. It is fair to say that the victor would be the candidate supported by the United States. In this interim period, steps would be taken to return properties to the so-called persons from the United States, and to reinstate Cuban citizenship to those who renounced it. Of course, this entire process would be supervised by U.S. troops, the CIA, the FBI, and the rest of the empires' oppression machine, just like in Panama and Haiti.

Use of the phrase, persons from the United States, in substitution of the word, citizen, in the law is intended to mean not only individuals and businesses in the United States, but all those who were Cuban citizens at the time of nationalization who subsequently renounced their Cuban citizenship for American citizenship. That means that members of the Mujal, Ventura, Carratala, Batista, and Prio families, or their descendants, would have the right to reclaim their former properties, the majority of which were acquired through crime, torture, theft, misery, and the anguish of an entire people. We can imagine the implications of the former owners' return to homes and apartment buildings which are today the property of those who inhabit them. We can imagine what affect the return of the landowners, or former factory and hospital owners would have on the cooperatives, the small farmers, or the basic cooperative production units. Protected by laws made in the United

States, they would apply all the charges, measures, and any other abuse they choose to inflict. The Helms-Burton bill is, in large measure, an avaricious attempt to return Cuba to conditions that prevailed before 1959. This process of Yankee democratization of Cuba would have to be evaluated by the U.S. president, who would certify to Congress that the Cuban Government has complied with all requirements imposed by the Helms bill, which include disbanding the Committees for the Defense of the Revolution and committees for state security; the complete review of the armed forces, which would be controlled from that time forward by the United States; assuring private property rights; and allowing foreign telecommunications companies to operate in Cuba, etc., etc. As an annexationist colophon, the U.S. president would certify the existence of a democratic government in Cuba before Congress. Then, steps would be taken to end the blockade. Additionally, a so-called United States-Cuba council would be designated to promote changes, a market economy, and bilateral trade. This council would be charged with coordinating the activities of U.S. businessmen with Cubans. One curious shortcoming that appears to be inspired by the powerful, is that in this entire process, neither the transitional nor the elected government would participate in any way. They will be simply ignored because they would be no more than puppets. This is the overview of what the Helms-Burton bill proposes for Cuba.

It is obvious that the wishes of the immense majority of Cubans are totally ignored. Because one of the objectives, even though it is not stated, is to tread on our sovereignty and annex us once and for all. There is great desperation in this bill which has not yet been approved, but it also seeks vengeance against a people and a Revolution that they have not been able to dominate. The bill could ultimately be approved, the problem will be applying it here.

CTC Chief Urges Workers To Oppose Helms Bill
PA2304162095 Havana PRENSA LATINA in Spanish
2112 GMT 22 Apr 95

[FBIS Translated Text] Havana, 22 Apr (PL)—Pedro Ross, member of the Communist Party of Cuba Politburo and secretary general of the Cuban Workers Federation, today called on the people to turn 1 May into an opportunity to oppose an anti-Cuban proposal introduced by U.S. Senators Jesse Helms and Dan Burton. Ross said it is necessary to display before the international public the U.S. ultrarightists' neo-annexationist intentions.

He said the advocates of the proposal want to impose laws that seriously harm Cuba's independence and sovereignty. He stressed we urgently need to explain to the people the implication of the plans designed to tighten the embargo. He called on the people to condemn these plans from every podium on 1 May.

The senators want agricultural workers to hand over their lands to former latifundia-owning companies, and they want children driven from their schools in order that these lands can be returned to people who killed thousands of Cubans during Fulgencio Batista's dictatorship during the 1950's, he added.

Ross said the U.S. plans confirm the urgent need for Cuba to reinforce its defense and vigilance mechanisms to adequately counter the enemies of the Cuban Revolution.

On 21 April, Ricardo Alarcon, president of the National Assembly of the People's Government, reported the purpose of this anti-Cuban proposal during a television interview. He described the plans as interventionist. "For many years, the imperialists have tried to use against us all kinds of tricks, propaganda, and campaigns, but this is the first time that imperialism has removed its mask in a truly unexpected manner," he said.

Vice Minister on Desire To Strengthen Ties With Iraq

FL2504023295 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Vice Foreign Minister Benigno Perez met Sa'di Mahdi Salih, speaker of the Iraqi National Assembly—Parliament—today in Baghdad.

Mahdi Salih highlighted the current situation in Iraq, aggravated by the blockade imposed by the UN Security Council for the past four years. Perez stressed that Cuba wishes to strengthen relations with Iraq.

Melendez Signs Accord With Chinese Counterpart

FL2404231295 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] Ernesto Melendez, Cuban minister of foreign investment and economic cooperation, and (Sun Xianjue), Chinese vice minister of foreign trade and economic cooperation, today signed an agreement in Beijing for mutual promotion and investment protection.

The agreement opens new doors for economic and trade relations that will benefit both countries. Following the ceremony, Melendez offered a seminar to Chinese businessmen on advantages and opportunities for foreign investment in Cuba.

The Cuban delegation also met today with the president of state pharmaceutical management, with whom it

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reviewed the progress on work being done to incorporate Cuban advances in medicine production into the Chinese public health sector.

Cash Incentives Extended to More Workers

FL2404193695 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Apr 95

[Report by Alcides Garcia; from the "National Radio News"]

[FBIS Translated Text] Orlando Lugo Fonte, president of the National Association of Small Farmers, recently addressed the issue of foreign currency incentive payments to workers in our main economic sectors. Lugo Fonte discussed the possibility of extending this practice to other sectors.

[Begin recording] [Lugo Fonte] I think that it has produced very good results in the tobacco industry. A similar cash incentive payment has now been approved for sugarcane workers. It is about to be implemented by the Sugar Industry Ministry, and will undoubtedly prove to be a strong production incentive. Cash incentives have still not been approved for coffee sector workers. The issue has been discussed, but not yet approved. There are also proposals for honey and wax producers, as well as for farmers and cooperatives that supply produce for immediate consumption and sale at hotels in the international tourism sector. If the national leadership approves these proposals we have presented, we will be able to inform the producers. The financial situation in Cuba is difficult, the hard currency situation is difficult. Everything cannot be resolved at once, we must arrive at a solution via the inviolate principle that benefits must come after sacrifices are made. [end recording]

Robaina, Diplomatic Corps Begin Tour of Provinces

FL2504022795 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina and the diplomatic corps accredited in Cuba began a tour of several provinces on 24 April. This visit is part of a current Foreign Ministry work policy, which highlights the need to make foreign policy with a knowledge of Cuban reality.

Today the delegation visited Villa Clara Province, where they learned about the province's economic and social characteristics. They toured locations of interest, such as the central university, Arnaldo Millan Hospital, and the Marianas contingent. Accredited reporters and diplomats discussed several topics of interest during the visit, which will continue tomorrow in Sancti Spiritus, and later in Ciego de Avila.

Panel Discusses Sugar Workers' Incentives

FL2504013795 Havana Radio Rebelde Network in Spanish 1600 GMT 17 Apr 95

["Straight Talk" program with guests Renato Recio and Eloy Concepcion and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Today's issue is an enticing one. We all know that a network of shops, which will be an incentive for sugar workers, will be opening throughout Cuba. These shops will carry the same products that are sold—in foreign currency—in the so-called shoppings [previous word in English]. Renato, please continue.

[Recio] I am not going to get into detail, as this issue has been much discussed. The question was how to provide incentives for workers who fulfill tasks in key economic sectors. It seems that certain ways have been found. When we talk of stores—similar to the shops—where products are paid for in Cuban pesos, we must understand that the peso has a value not exactly the same as the dollar. Prices in pesos will therefore be different from prices in dollars. In any case, I think this is a great idea. We have spoken here about just how difficult [pauses]... It was normal for a sector as large as the sugarcane sector, which is Cuba's most important sector because of the foreign currency it generates, with over 500,000 workers, to take time to find the correct system for stimulating its workers. I think that this system, which we are discussing, will stimulate high-quality work.

[Rodriguez] We had said it on the program several times: Our primary industry requires incentives. Cuba has other sectors, such as tourism, biotechnology, and others that generate foreign currency, but the most important of all is the sugar industry sector, and it will remain the most important for a long time. Among the possible measures to be implemented, as discussed by the National Assembly of the People's Government and publicly by the people, was this one:

[Concepcion] There is going to be a national network of shops, which will generally be located at the sugarcane complexes and the agroindustrial complexes. These shops will carry the same products available in the so-called shops. This measure will benefit no fewer than 300,000 workers. It will benefit everyone—those who work at the basic cooperative production units and at the agroindustrial complexes.

[Rodriguez] Well, I called it the sugar industry sector because to me, this covers everyone.

[Concepcion] I just wanted to point that out. Another new aspect of this measure is that even management and office workers are going to benefit—everyone who works in the sector.

[Rodriguez] That is important because everyone needs to benefit.

[Recio] I have one question: Is everyone going to be offered the same incentives, or will they be based on what they do?

[Concepcion] Renato just asked how this incentive system is going to work. I am not aware of the entire issue, but I have been told that there is going to be a fixed incentive just for being a worker in the sugar industry sector. There is another incentive for those who achieve overproduction in the tasks assigned. There will also be a final incentive, which is a result of the others—achieving overproduction in the sugar production goal. This is something new and decisive. Just for being there, you receive an incentive, but there are other incentives—for overproduction in the tasks assigned, and for reaching sugar production goals.

[Rodriguez] It is good that you have explained that because I was wondering if a cane cutter could be penalized if the mill is not grinding.

[Recio] The philosophy behind this idea should be to reward those who work harder, those who manage best, and those who administer best. I would like answer your question about who is to blame if something goes wrong. That must be considered in a different light because no one can be blamed if it rains too much or if it does not rain at all. However, in any case, one should earn according to the results of his work, not for his efforts. We must revitalize that concept. We must reward and stimulate results, not effort, because if we were to just reward effort, we could lose track of what we were doing. This has happened before. Getting back to what Eloy had said—I think that differentiating among incentives is vital. The first great difference that must be introduced is that not everyone can be stimulated in the same manner. We must offer incentives to the principal sectors. I think that perhaps the most difficult issue involved in making these distinctions is [pauses]... when I speak of principal sectors, I am referring to those sectors that contribute to our economy's recovery. However, I am thinking of two sectors—education and health care—which are sectors that do not contribute directly to the economy. However, in a way, they do because they deal with a different capital—human capital...

[Rodriguez, interrupting] Which is the most important of all?

[Recio] Those two sectors have employed a great number of workers. These sectors' workers are very professional and hard working, but they are in a difficult situation when it comes to receiving incentives. I think that measures should be taken to introduce incentives in these sectors. However, these incentives will have to be introduced gradually and the results obtained by these sectors will need to be measured differently.

[Rodriguez] Your explanation was very good. The sugar industry sector is Cuba's largest sector, with almost 600,000 workers. There is no other sector of that size in

Cuba, except the agricultural sector, which could perhaps come near that number of workers. I was asking myself: If the sugar industry's workers receive incentives and those sectors that assure and guarantee the harvest do not, can there be a good harvest?

[Concepcion] I would like to point something out about these stores in which everything will be paid for in pesos: Both the workers who have moved and those who have been contracted will receive incentives. Everyone who works in the sector will receive these incentives. This is important, decisive, and will be implemented shortly. Everything is being prepared so that the upcoming sugarcane harvest—once the decrease in production has been halted—will have the levels of production needed by Cuba.

[Renato] I think we are confronting something important and definite in many aspects. First of all, this measure establishes a philosophy of economic action, the relationship between incentives and production. This does not exclude moral incentives, it comes to strengthen it. We are talking about stimulating those who are outstanding and contribute more. That is the first rationale. The second rationale is that this guarantee—this is how I see it—this recovery in the sugarcane sector's production—as we all know—is the factor that will allow us to leave the special period behind. If we cannot increase our sugar production, we will not improve Cuba's economy.

[Rodriguez] It was impossible to implement this system in the sugarcane sector, first because of the great number of workers this sector employs.

[Recio] Yes, that's right. This measure also indicates that the tendencies discussed regarding dollar-peso values—after our economic corrective measures were implemented—seem to be gaining ground. I am not saying that it has all been achieved yet, but there are trends...

[Rodriguez, interrupting] Trends...

[Recio, interrupting] Yes, trends, and this measure will help even more. The Cuban peso seems to be gaining value and this measure will help this situation even further. One of the problems our sugar industry has had is the workers' mobility. During the last decade, the workers' mobility has been enormous, and this has been disastrous for the sector. Over 20 percent of the work force is changed yearly. We have problems fulfilling the work force needed by the sugarcane sector's basic cooperative production units. I think this measure will help to stabilize the sugar industry's work force, as well as being able to acquire the number of workers needed.

[Rodriguez] Especially in the current situation when measures involving rationalization of jobs are taking place in many economic sectors. I imagine that a great number of these workers will go to the sugar industry sector.

[Concepcion] I think that once everyone is aware of the implementation of this network of shops—in plain Cuban, shoppings, but payable in pesos—this will be a great incentive. Once this is known throughout Cuba, I think it will be a great incentive for workers and managers, as well as achieving—in a short period of time—the definite solution to stabilizing the work force.

[Rodriguez] Renato, the final minute of "Straight Talk" is for you.

[Recio] This is something that makes us optimistic, but we should measure optimism carefully. This does not mean a solution to all problems nor does it mean that all problems regarding incentives and production are resolved. We should move forward gradually, step by step. Let's advance a millimeter at a time to obtain the recovery that we need so much.

[Rodriguez] Many thanks to Renato Recio and Eloy Concepcion for their explanations. This was an interesting issue—the shops, and being able to purchase products in Cuban pesos—which will serve as an incentive to Cuba's most important economic sector, the sugar industry. The sugar industry's workers will have access—with the salaries they receive, in Cuban pesos—to the same products that are found in the dollar stores.

Camaguey Sugar Harvest To Take 'Considerable Effort'

FL2404140895 Havana Radio Rebelde Network in Spanish 1155 GMT 22 Apr 95

[From the "Doing Radio" program]

[FBIS Translated Text] Turning the current state of the sugarcane harvest in Camaguey around before the next harvest will take considerable effort. To date, the 39 farming sector Basic Cooperative Production Units [UBPC], and 18 credit and service sector UBPC's working on the sugarcane harvest are short of their production goal and are not expected to reach their target goal by the end of the harvest. This negative situation results from significant portions of cane too poor in quality to grind, cane burned and left uncut in the fields, maribu weed infestation, low yields of machine harvested cane, and animals invading the fields and eating the cane, as well as thievery.

Such issues were dealt with realistically during the National Association of Small Farmers [ANAP] provincial plenum in Camaguey. ANAP president Orlando Lugo Fonte called for maximum use of resources, including human resources. The complaint is also valid in other areas of the sugar industry recovery in the province. The UBPC's and farming sectors have prepared very little land for planting, resulting in a tense situation which seriously compromises spring sugarcane planting. The situation is most evident in the Candido Gonzalez, Ignacio Agramonte, and Panama Agroindustrial Complexes.

Sugarcane Workers Meet Goal, Condemn Helms-Burton Bill

FL2404133995 Havana Radio Rebelde Network in Spanish 0900 GMT 24 Apr 95

[From the "Doing Radio" program]

[FBIS Translated Text] The sugarcane cutters of the Primero de Mayo contingent of the Cuban Workers Federation in Havana have sent a letter to Fidel expressing their elation at having fulfilled their pledge for the current harvest. The workers had pledged to harvest over 38 million arrobas of sugarcane and have every brigade reach millionaire status. In the letter to Fidel, the workers also expressed their willingness to continue working in sugarcane planting, tending, and weeding chores, as well as remaining vigilant against the maneuvers of the United States. Likewise, the workers unanimously condemned the Helms-Burton bill.

During a ceremony at the Geraldo Abreu Fontan Social Center, Esteban Lazo, first secretary of the party in Havana, presented the millionaire banner to the contingent, officially declaring Havana a millionaire province. Twelve of the sugarcane cutters reached the 200,000 arrobas status, one worker cut 75,000 arrobas, and another 45 workers cut more than 50,000 arrobas each. The Fernando Alvarez and 36 Aniversario brigades received first place awards, as well as the battalions of the Construction Ministry, and the Commerce and Food Services Union.

Haiti

Foreign Ministry 'Firmly' Opposes 'Forced Repatriation'

PA2404165695 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Apr 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Ministry of Foreign Affairs has outlined its policy regarding the repatriation of the Haitian refugees, according to a note issued by the Ministry of Information and Coordination.

The Ministry of Foreign Affairs has adopted and given greater importance to voluntary repatriation as the unique main line of discussion with the competent authorities of the countries wanting to repatriate the Haitian nationals who are illegally on their territories. Furthermore, the ministry firmly and categorically opposes any forms of forced repatriation of the Haitians. The ministry does not have the power to prevent the concerned governments from carrying out forced repatriations. It has no other option than to receive under the best possible conditions the compatriots subjected to such an ordeal. The ministry is now working with other authorities in the government to set up a structure that can facilitate the reinsertion of the repatriated Haitians.

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and the improvement of their living conditions so as to prevent the rise of illegal emigration activities.

As regards specifically the situation of the Haitian nationals arrested at sea by the U.S. Coast Guard and repatriated on 8 April, the Ministry of Foreign Affairs was simply informed of this by the competent services of the U.S. Government. There were neither negotiations nor agreements on the modes of repatriation of those refugees, this note, issued by the Ministry of Information and Coordination on the policy of the Ministry of Foreign Affairs explains.

Government Not Renewing Contract on Forced Repatriation

PA2404194195 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Apr 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] There is no agreement in prospect between the Haitian and the U.S. authorities regarding the refugee issue. The Haitian Presidency and Smarck Michel's government are not considering negotiating a new agreement with the U.S. Government on forced repatriation of the Haitian refugees, Mr. Yvon Neptune, spokesman for the presidency, told the Haitian Press Agency. We do not at all intend to renew the contract signed between the government of Jean-Claude Duvalier and that of the United States aimed at repatriating by force the Haitian boat people, Mr. Neptune explained, pointing out however that programs will be set up to dissuade potential candidates for emigration.

During a press briefing at the USIS premises on Wednesday, 19 April, Stanley Schrager, spokesman for the U.S. Embassy in Port-au-Prince, said that his government is trying to negotiate with the Haitian Government another agreement that would allow the U.S. Coast Guard to automatically repatriate the Haitian boat people intercepted in high seas.

The Haitian Ministry of Foreign Affairs stated on 20 April that it firmly and categorically opposes any form of forced repatriation of Haitian nationals emigrating illegally.

More Than 1,000 Said To Register for Elections

PA2504041295 Port-au-Prince Radio Metropole in French 1045 GMT 24 Apr 95

[FBIS Translated Text] The deadline for the registration of candidacies was 22 April. On this day, there was a flurry of activity in the electoral offices where most political parties presented their candidates for the legislative, communal, and rural elections planned for 25 June.

The Provisional Electoral Council, CEP, is satisfied with how the registration and declaration of candidacies are progressing thus far. According to the CEP president, more than a thousand candidacies were registered

throughout the country on 23 April. The CEP is awaiting information from the provinces before announcing the exact number of candidacies registered for those elections.

It should be noted that the official list of candidates approved by the CEP will be issued on 13 May, the date which coincides with the kickoff of the electoral campaign. The CEP president has announced that a CEP team has traveled to the northwest to monitor progress of the process. CEP President Anselme Remy has termed the visit as productive.

Regarding Council Secretary General Laurence Lazegue, who is traveling abroad, Anselme has said she is due to return on 1 May.

The formation of a control and surveillance commission should also be noted. The political parties and the CEP have agreed to establish this commission, which will be tasked with monitoring the electoral process. The decision was made on 22 April at the CEP offices following an important meeting between CEP authorities and representatives of the political parties. This decision should, consequently, help end the reported protests over the formation of the Departmental Electoral Offices and the Communal Electoral Offices.

St. Lucia

Prime Minister Accuses BBC of Portraying Him 'As a Liar'

FL2404171895 Bridgetown CANA in English 1632 GMT 24 Apr 95

[FBIS Transcribed Text] Castries, St. Lucia, April 24, CANA—St. Lucia's Prime Minister, John Compton, has accused the British Broadcasting Corporation (BBC) of trying to portray him as a liar in a programme about the alleged misuse of United Nations funds.

But Opposition Leader Julian Hunte brushed aside the charge and sent the BBC a "message of encouragement".

Compton, in a letter to the BBC, suggested that there was "obvious and deliberate" malice in the report, which focused on funds allocated to a St. Lucia-based organization known as the Eastern Caribbean Research Centre (ECRC) but not used for the purpose sent. The Prime Minister said that for some time now he had been concerned over an anti-government twist in the BBC's "Caribbean Report".

Compton said BBC interviewers guide persons being interviewed into answers which show Caribbean governments in an unfavourable light. "The motive seems to be to undermine the very democratic process of which Caribbean countries are justly proud," he said.

"If the BBC is to continue to deserve the respect in which it is still held, not only in the Caribbean but throughout the world, I would expect that those who produce the

news, and those who seek by their questioning to elicit information, should do so with a greater degree of objectivity than that which is currently demonstrated" Compton said.

He said that the Caribbean service should not deliberately seek to tarnish or destroy the reputation of persons

who are newsworthy, because, like the BBC itself, their reputation has been built up over many years of public service.

However, Hunte, in a letter to the BBC, praised the Caribbean Report and said Crosskill's "credibility and impartiality are not, and have never been, in question".

Column Says U.S. Encouraging Destabilization
PA2504045095 Mexico City EL FINANCIERO in Spanish 24 Apr 95 p 6

[From the "For Your Information" column by Gustavo Lomelin]

[FBIS Translated Text] The open struggle for power between President Ernesto Zedillo and Carlos Salinas de Gortari is already an element of political instability. The main problem, however, is that the United States is encouraging and taking advantage of this conflict among the elite to make the Mexican Government increasingly adjust to its own interests.

In fact, in view of Salinas' direct threat to Zedillo last week ("My enemies are your enemies; they will attack you next"), the president has been unable to define his position following the warning. This indecision once again leads people to question the nation's political leadership and the efficiency of the public administration and opens new power vacuums in Mexico.

It is all a power struggle to capitalize on the "modernization" process and the reprivatization of public institutions, as well as to lead the economic forces and determine the country's political course.

If the past six-year period created 24 fortunes in the millions—excluding those of the royal family and those of Hank Gonzalez—when Salinist interest groups took control of bank privatizations, financial speculation, and illegal operations with drug traffickers and politicians, today the size of the pie up for grabs grows in direct proportion to the weakness and inefficiency of the government.

What is at stake here, in addition to Salinas' personal survival, is the absolute prevalence of big businesses that are linked to politics and, on occasion, the use of the illegal drug trafficking arm ready to put things under their control in the country.

In this struggle, however, Washington is playing a decisive role to tip the scales in favor of one of the groups struggling for power. In this war, the national territory has become the bloody battlefield where military strategy has centered on political, economic, and social destabilization through the use of various weapons: political crimes, violence in Chiapas, the "fight" against drugs, financial uncertainty, our image abroad, and the promised political opening.

The economic crisis and the "December mistakes" revealed the collusion between the economic and political powers in Mexico and the circulation of "laundered" money in the country's financial and political circles. That is why today the gods continue to ask for sacrifices in the elite and an offering for Huitzilopochtli.

Under this pretext, and even though it may turn out to be a paradox, the United States has encouraged greater

divisions in Mexico to accelerate the system's contradictions and, in Machiavelli's theory, to destabilize in order to create a new order of stability in accordance with its own interests. The struggles among the Mexican elite has increased the government's vulnerability, and its dependence on the White House and Wall Street is growing.

In light of the increasing insecurity, the United States has increased its economic, political, and national security presence in Mexico. This new relationship is illustrated by two aspects:

1. The fight against drug trafficking has begun, subsidized by the U.S. Embassy in Mexico. The objective is not to eradicate it but to control it, in accordance with modern free market methods, to supply the 26 million U.S. addicts (15 on cocaine, nine on marijuana, and the rest on other substances) and to prevent crime in the northern nation's urban areas.

The number of FBI, CIA, and DEA agents in Mexico is already impressive. According to classified reports, they have lost control over \$1.5 billion generated from drug trafficking, which could affect their command of the market. Although Attorney General Antonio Lozano Garcia was frightened when returned from Washington because of the information he received, he will soon deliver a spectacular blow, however, Mexican politicians having connections with any one of the seven cartels operating in the country will remain in suspense. This includes Justo Ceja, former private secretary of President Carlos Salinas de Gortari, and the narco-academics of the National Politechnical Institute [Instituto Politecnico Nacional], who have been linked to several of these groups.

2. The legal reforms the executive branch sent to the Chamber of Deputies to privatize gas distribution and gas pipeline operations is clearly part of a U.S. strategy to gradually take over Mexico's energy sources and uranium deposits. Previous incidents include the construction contract for the Samalayuca II power plant and the Merida III power plant, as well as the privatization of the basic petrochemical and the Cactus-Reynosa gas pipeline operations, which were suspended in 1982.

Privatization, however, was agreed upon in 1994, as reported in this column on 16 January: "From 13 to 15 November of last year, a secret delegation made up of 20 owners and directors of the powerful Alberta Northeast Gas Ltd. (ANE), led by Robert Catell, arrived in Mexico City to meet with President Carlos Salinas de Gortari. Their main objective was to seek greater openness to sign joint risk contracts for exporting Mexican gas to the southern United States (California, Texas, and New Mexico)."

The United States, then, is capitalizing on Zedillo's weakness and he is becoming Mexico's right-hand man. This is very risky, not only for the country but for the president himself. Word in high-ranking circles of the

U.S. intelligence community has it that if the president does not guarantee their interests, there could be a quiet coup [oficinazo].

A quiet coup implies a disguised coup d'etat in which the president would remain as head, but the Mexican Army would dictate the government's actions as agreed upon in Washington. U.S. intelligence, however, has forgotten the loyalty and professionalism of the Mexican Armed Forces and the possibility that Zedillo could still exercise a strong leadership with a national consensus.

EU To Seek Trade Accord, Request NAFTA-Like Treatment

PA2204153795 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 24

[Report by Guadalupe Hernandez E.]

[FBIS Translated Text] Mexico and the EU will sign a declaration in May stating that the two parties will begin working to establish a framework to negotiate a free trade agreement. "The accord opens the way to negotiations to reach a trade agreement that could go into effect in one and one-half years."

Bruno Delaye, the French ambassador to Mexico, made this announcement following a meeting with Heremino Blanco, head of the Commerce and Industrial Development Secretariat (Secofi), with whom he also discussed Mexico's economic situation, the possibility of a trade exchange, and the organization of an industrial fair here.

Delaye discussed Mexico's economic, social, and financial situation at a news conference. Referring to the financial situation, he said it shows signs of a recovery, but this does not apply to the economic and social situation. He also said talks are currently under way to settle bills that Mexicana de Aviacion and Aeromexico have with the French firm Airbus, adding that his country's investments continue and there is great confidence that Mexico will resolve its crisis.

The diplomat said the ceremony to sign the declaration will be held on 2 May in Paris and will involve the participation of Mexican Foreign Secretary Jose Angel Gurria and French Foreign Minister Alain Juppe. "The agreement will start trade negotiations between Mexico and the EU in order that a free trade agreement can be reached between the EU and Mexico in one and one-half years," he added.

The agreement will cover three "sectors": A) The political sector, in which the EU will participate to discuss current issues, because "Mexico is an important interlocutor at the international level"; B) technical and scientific cooperation, which already exists between the two parties, but which must be sponsored and strengthened; and C) the commercial sector, dealing with the possible implementation of a free trade agreement between the 15 EU members and Mexico.

Consultations will be carried out among business groups in the 15 nations within the next three months. Later, in September or October, negotiations will start between the EU and Mexico to reach a trade agreement based on the established framework.

Bruno Delaye said the Europeans will request from Mexico the same treatment granted to the United States and Canada under NAFTA.

He said the framework agreement for the negotiations will surely include place of origin regulations, settlement of disputes, and services. He did not rule out the possibility of encountering problems along the way, above all in the agricultural sector, because Europeans are particularly fervent about their protecting their producers.

Spain, Mexico Start Joint Agricultural Investment Program

PA2304142995 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 19

[Report by Gerardo Flores]

[FBIS Translated Text] Mexico and Spain have started a pilot program for joint agricultural and food investments with the backing of the EU, which in the mid-term will result in the consolidation of more than 60 strategic alliances worth more than \$60 million.

Marin Maydon Garza, director of Banxico's [Bank of Mexico] Financial Development Underwriters Office, asserted that this pilot program shows Mexico's problems are not undermining the profits of foreign investors.

At the Trust Institute for Agriculture (FIRA) offices, Maydon explained that inflation and its effects have not put a damper on foreign capital investments, and he stressed that these types of alliances between Mexico and Spain show the high profitability of businesses in Mexico.

The pilot program will review the feasibility of projects in the two nations. More than 60 of these projects in the metal products, plastics, chemicals, electricity, and food industries have already been identified as highly profitable.

Felipe Carballo Rios, director of Spain's Financial Development Company [Cofides], said nine projects will be financed in Mexico within the coming months, representing a gross investment of \$30 million and a capacity to generate more than 400 permanent jobs. Carballo explained that Cofides has backed more than 100 Spanish companies and foreign investment projects, including those in Mexico. Cofides' goals are basically to promote productive investments, the transfer of technology, create jobs, and increase exports.

FIRA Deputy Director Jose de Jesus Brambila Paz said almost 350 strategic alliances between Mexico and Spain will be reviewed within the next few years, and he

stressed that, despite its difficulties, Mexico is a country of opportunities for European investors.

EZLN Communique on 'Satisfactory' Meeting With Government

PA2204141895 Mexico City LA JORNADA in Spanish
20 Apr 95 p 8

[Communique issued by the Clandestine Indian Revolutionary Committee-General Command of the EZLN "from the mountains of southeastern Mexico" on 15 April]

[FBIS Translated Text] To the people of Mexico:
To the peoples and governments of the world:
To the national and international press:

Brothers:

The Clandestine Indian Revolutionary Committee-General Command [CCRI-CG] of the Zapatist National Liberation Army [EZLN] has concluded its examination of the first meeting between federal government representatives and delegates from our EZLN Directorate held in San Miguel Ejido, "Francisco Gomez" Municipality (formerly Ocosingo), on 9 April 1995. Regarding this first meeting and its results, we declare the following:

1. This first formal meeting between EZLN and federal government delegations shows the Zapatists' true resolve to reach a political, fair, and dignified solution of the war initiated in 1994.
2. The results of this first meeting are satisfactory as the beginning of the dialogue and negotiations.
3. The CCRI-CG of the EZLN confirms the decisions made by its delegates on 9 April 1995 and adopts the pledges made by its representatives.
4. The CCRI-CG of the EZLN thanks the civilian population for the care and watchfulness they organized for our delegation's security. The presence of nongovernment, social, and civilian organizations from various social sectors constitutes a guarantee for us. We respectfully ask you to continue coming to the peace zones during the upcoming meetings.
5. The CCRI-CG of the EZLN has already appointed the Zapatist representatives who will attend the meeting in the municipal capital of San Andres Sacamchen de los Pobres (formerly San Andres Larrainzar) on 20 April.
6. The CCRI-CG of the EZLN likewise announces that it has already prepared a package of military detente measures, which can be immediately implemented by the EZLN as another signal to the federal government of its resolve for peace.
7. Our representatives will attend this new meeting prepared to listen, speak, and reach fair and dignified agreements that will drive away the danger of war and

establish the foundation of a definitive solution of the conflict, with the participation of all Mexicans.

8. With this declaration the EZLN confirms its unyielding resolve to find a political solution for the profound causes of the war.

Democracy!
Liberty!
Justice!

From the mountains of southeastern Mexico
Clandestine Indian Revolutionary Committee-General
Command of the Zapatist National Liberation Army
(Signed by Subcommander Marcos)

Government Commission To Confirm Conditions for Talks

PA2104170995 Mexico City NOTIMEX in Spanish
0529 GMT 21 Apr 95

[FBIS Translated Text] San Andres Larrainzar, 20 Apr (NOTIMEX)—Representatives of the government commission for the peace dialogue in Chiapas (southeastern Mexico) will travel tomorrow to San Andres Larrainzar to verify whether or not the conditions exist to initiate the negotiations.

The announcement was made by Marco Antonio Bernal Gutierrez, coordinator of the government commission for the dialogue, who on Thursday evening read a Government Secretariat communique to media correspondents.

Bernal also announced that the federal authorities agreed to a proposal by the National Mediation Commission (Conai) to readjust the security plan to guarantee the necessary conditions for the dialogue with the Zapatist National Liberation Army (EZLN).

Bernal explained that the changes at San Andres Larrainzar are indicative of changes in the agreements that had been reached and their effect on the security required by law at the site of the negotiations.

This situation, said the press communique read by Bernal, has forced the government delegation to defer its presence at the site of the meeting until it receives sufficient guarantees and the agreements are fulfilled.

At approximately 1910 hours (0110 GMT today), representatives from the government commission, Conai, and Harmony and Peace Commission (Cocopa) met for approximately 45 minutes.

Bernal Gutierrez, who read the communique in San Andres Larrainzar, confirmed that the federal government has always maintained its commitment to the dialogue and negotiations process for the Harmony and Peace with Justice and Dignity Agreement, within the framework of the law.

At the end of the meeting, it became known that the peace zones established around the headquarters of the talks have already been delimited.

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The Mexican Red Cross will be in charge of the first peace zone, disarmed Military Police will be in charge of the second, the Mexican Red Cross will also be in charge of the third zone, and members of duly accredited nongovernmental organizations will be in charge of the fourth.

It also been announced that Ambassador Gustavo Iruegas and a general from the National Defense Secretariat will travel at 0700 (1300 GMT) tomorrow to San Andres Larrainzar to verify that the appropriate conditions exist for the initiation of dialogue with the EZLN.

EZLN Reasserts Willingness To Hold Talks

*PA2204145195 Mexico City NOTIMEX in Spanish
1641 GMT 21 Apr 95*

[FBIS Translated Text] San Andres Larrainzar, 21 Apr (NOTIMEX)—The Zapatist National Liberation Army (EZLN) today reiterated its willingness to seek a political solution to the armed conflict in Chiapas and expressed hope that the problems that have delayed the talks will be resolved.

In a message issued to the community of this municipality and the representatives of Nongovernmental Organizations (NGO's), the delegates of the armed group who will participate in the negotiations thanked the peasants for attending the dialogue.

"We are willing to hold a dialogue and trust that problems will be resolved satisfactorily. We hope we can count with your presence all of the time the dialogue is being held," the EZLN delegates said.

In the message, which was released in Spanish and Tzotzil, the delegates of the Clandestine Indian Revolutionary Committee expressed their willingness to continue the dialogue with the government of President Ernesto Zedillo.

They explained they conveyed this willingness to the federal authorities through the appropriate channels.

The government and the EZLN had planned to begin a round of talks on Thursday to find a political solution to the conflict in Chiapas, but it has been postponed because of the presence of hundreds of Indians who have arrived at the site of the negotiations.

The Indians, sympathizers of the armed group who live in neighboring villages, have positioned themselves in the areas where the "security cordons" would be established—an action that could endanger the security of the negotiators.

Bishop Samuel Ruiz Garcia, chairman of the National Mediation Commission (Conai), today explained to the peasants and the members of the security cordons the new way in which they have been reorganized.

The first cordon, the one closest to the negotiations, will be the responsibility of the Mexican Red Cross; unarmed

members of the Military Police will be in charge of the second cordon; another group of the Red Cross will be in charge of the third; and members of the NGO's will be in charge of the fourth cordon.

Ruiz Garcia, accompanied by members of the Harmony and Peace Commission (Cocopa) and Conai, also inspected the area surrounding this town to verify whether conditions exist to begin the peace dialogue.

According to the atmosphere in San Andres Larrainzar today, everything seems to indicate that the peace talks between the government and the EZLN will begin before noon.

Government, EZLN Talks Focus on First 4 Points of Agenda

*PA2304145895 Mexico City NOTIMEX in Spanish
0147 GMT 23 Apr 95*

[FBIS Translated Text] San Andres Larrainzar, Chiapas State, 22 Apr (NOTIMEX)—The government and the Zapatist National Liberation Army (EZLN) delegations have advanced on the first four points of the working agenda for the resumption of the dialogue for peace in Chiapas, it was announced here today.

Concepcion Calvillo Nava, spokeswoman of the National Mediation Commission (Conai), stated that now the sides will analyze the fifth point, dealing with detente measures. On Saturday [22 April], the government and the EZLN began negotiations in this town following a 48-hour delay caused by the lack security to hold the meeting.

The spokeswoman explained that the points the delegations have discussed include the establishment and approval of the agenda and the presentation of the minutes of the first meeting held in San Miguel on 9 April.

In the first report on the meeting, Calvillo Nava stated that the talks, which are being held in a basketball arena that was furnished for the event, are continuing. The breaks that have taken place during the course of the negotiations "are normal because each side has to make its own consultations." She added that the first four points that were reviewed will be announced.

Accompanied by Senator Oscar Lopez Velarde, spokesman of the Harmony and Peace Commission (Cocopa), Calvillo Nava explained that the talks will continue Sunday starting at 0900 (1500 GMT) and that two hours later a news release will be issued. Meanwhile, calm prevailed in the so-called "security cordons" overseen by the Red Cross, nongovernment organizations, and military police personnel.

At the site of the talks, as well as in nearby streets, the life in the village goes on as usual, and no incidents have been reported so far.

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Finance Secretary Sees Greater Economic Stability

PA2204141795 Mexico City XEW Television Network in Spanish 0430 GMT 21 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz today announced that the Mexican economy is showing signs of greater stability.

[Begin recording] [Ortiz] I believe progress has been made with this program, however, this does not mean the crisis has been overcome. So far, the country has achieved greater stability in the markets and witnessed a gradual appreciation in the exchange rate, however, I repeat, this does not mean the crisis has been overcome.

[Unidentified reporter] Will there be [words indistinct] interest rates?

[Ortiz] In April, inflation will rise because of the imposition of the value added tax and the price hikes that have been approved. We expect inflation will be lower in May, and certainly, toward the second half of the year, we should experience much more moderate price increases and, consequently, lower interest rates. [end recording]

Secretary: Petroleum Industry Never To Be Privatized

PA2504032495 Madrid EFE in Spanish 1620 GMT 22 Apr 95

[By Julian Rodriguez Marin]

[FBIS Translated Text] Mexico City, 22 Apr (EFE)—Mexican Energy Secretary Ignacio Pichardo has told EFE the petroleum industry will never be privatized, neither in the prospecting, tapping, nor refining phase.

According to the Mexican Government official, all these areas will continue under state control by reason of being "activities regulated by the Constitution," but there are other associated activities "where private capital will be allowed."

Pichardo said the Energy Secretariat, under this name, was created barely four months ago in order to establish energy program guidelines, "given the state is obligated to oversee the prospecting and tapping of hydrocarbons, to encourage the generation of electrical energy, and to oversee nuclear issues."

The Energy Secretariat contends the Chamber of Deputies proposal on terminating four state secretariats, including the Energy Secretariat, "is a legitimate concern to reconsider, particularly the workings of the federation's expenditures budget."

Pichardo said "the secretariat has been made responsible for an important task: establishing the country's energy policy, given Mexico is an energy producing country."

He added that Mexican Petroleum (Pemex) is the second largest petroleum corporation in the world and is owned by the Mexican people. In this regard, the government, through the Energy Secretariat, is responsible for establishing hydrocarbon, electrical, and nuclear energy policies so all Mexican consumers will be able to enjoy inexpensive energy.

Pichardo has said Mexican, European, and North American investors have expressed their interest in investing in two areas: electrical energy plant acquisition and the building of new plants, both of which depend on the increase in electrical energy demand and the outlook on growth in demand.

For the next few years the government has forecasted a 4,000-6,000 megawatts growth in new capacity primarily from private investors, and the state resources will be allocated to lines distribution.

It has been estimated that the investment funding needed to build the required electrical plants will fall somewhere between \$4 billion-\$6 billion, and not merely as speculative investment but long term capital.

The government secretary has said that private investors have stated their confidence in the Mexican economy despite the financial difficulties through which the economy is going and that the country's infrastructures are solid.

According to Pichardo, evaluations on creating a Latin American energy system are being made, Mexico is already exporting energy to the United States, as well as Belize, and plans are in the making to produce and exchange electrical energy with Guatemala.

The Energy Secretariat, which at one time was responsible for overseeing more than 1,200 state owned companies, regulates activities by Pemex, the Federal Electricity Commission, the Central Light and Energy Company, and the Mexican Institute of Petroleum, Electricity, and Nuclear Research.

The Energy Secretariat has undergone major changes since its creation back in 1946, when it was founded as the National Resources Secretariat, and then became the National Patrimony Secretariat in 1958 as a result of the increase in assets under state control.

This secretariat became the Secretariat of Patrimony and Industrial Development in 1976 and was made responsible for encouraging the tapping of national resources and encouraging the country's industrial activity.

In 1982, the secretariat was transformed for the fourth time and then became the Energy, Mines, and Parastate Secretariat and was tasked with regulating all state owned companies and national resources. In addition, the secretariat was also made responsible for determining the energy requirements of the iron, steel, and nonrenewable natural resources industry.

The secretariat acquired its current name on 28 December 1994 and responsibilities, which include overseeing the country's overall energy policy and managing hydrocarbon reserves and the generation and supply of electrical energy.

Government Officials Cited on Tax Policy

PA2304160295 Mexico City *EL FINANCIERO* in Spanish 21 Apr 95 p 4

[Report by Gerardo Flores and Ivan Sosa]

[FBIS Translated Excerpt] Guillermo Ortiz, the Mexican Finance and Public Credit Secretary, has asserted that the emergency program has made advances, but this does not mean the crisis has been overcome.

The official added: We have observed more stability in the markets and a gradual appreciation in the exchange rate. However, inflation will be high in April because of the new VAT [value-added tax] rate and the increase in prices.

The finance and public credit secretary estimated that in May inflation will begin to taper off, and price increases will become more moderate around the second half of the year. In turn, interest rates will begin to decrease at that time.

At the installation of the Fiscal Simplification, Modernization, and Legal Security Group [Grupo de Simplificación, Modernización y Seguridad Jurídica en Materia Fiscal] of the Fiscal Advisory Council (Cafi), Guillermo Ortiz Martinez promised to fully review the tax law to make it clearer. He also announced that concrete measures were being prepared to thoroughly streamline procedures and thereby reduce taxpayers' administrative expenses, especially those incurred by small and medium-sized industries.

He explained that fiscal policy has to be consolidated under a system that will improve tax guidelines and administration to effectively finance development and bolster domestic savings and investments. This has to be done to decrease dependence on foreign savings, to consolidate equity, and to increase the competitiveness of firms to recover growth.

Ortiz Martinez also stressed the need to thoroughly review the tax law to clarify its provisions, encourage uniformity in interpreting the law, and improve procedures to benefit taxpayers, as well as to improve current taxpayer protection procedures.

Meanwhile, speaking in Villahermosa, Tabasco, Revenues Under Secretary Pedro Noyola said authorities are committed to establish a new fiscal federalism that will contribute to stability in public finances and help generate savings, investments, and employment.

He indicated it is necessary to redefine in a clear-cut manner the government's fiscal activities in three areas, starting with rules that improve the collection and

administration of taxes and increase the efficiency of expenditures, while channeling more resources and responsibilities to the states and municipalities.

Inaugurating the Third People's Consultation Forum, Noyola de Garagorri said it is feasible to explore the possibility of turning over responsibility for several taxes which, without hindering tax collection efficiency or economic competition, could be set up and managed by states and municipalities.

He said that, although the National Fiscal Coordination System "has increased institutional revenues by strengthening contributions, it also has discouraged institutions from increasing their own sources of revenue."

He added that any changes in revenues must include an adequate balance of compensatory and redistribution guidelines that award tax collection efforts made by institutions, encourage them to generate their own income, and favor those institutions with the greatest needs.

During a meeting of what used to be the Stability, Competitiveness, and Employment Pact, representatives of the pharmaceutical sector presented to the finance secretary the administrative difficulties in obtaining VAT refunds.

Guillermo Ortiz explained that with the implementation of a zero rate VAT on the final link of the productive chain for food and medicine, the consumer will not have to pay additional costs. Here, the main characteristic is that the VAT refund will be implemented at the end of the chain instead of at every level.

Because of the demands of the pharmaceutical sector, Ortiz Martinez recalled that, with the approval of the National Congress, the measure would go into effect in September, and "we will talk with small merchants, pharmacies, and food retailers to coordinate technical details in the procedures from now until September."

Following the meeting, Jose Madariaga Lomelin, president of the Mexican Association of Bankers, was also interviewed, and he reported that overdue portfolios continue to increase. However, he expressed confidence that the adjustment programs and implementation of the UDI [Investment Units] system will soon engender a decline in liabilities.

Madariaga Lomelin agreed with the finance secretary regarding the increase in inflation in April and that this situation will not allow interest rates to decrease. Nevertheless, he asserted: "We believe we will start to see a drop within the following months, in May and June." [passage omitted]

Banking Leader on Reorganizing Institutions

PA2504013595 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 4

[Report by Rosa Elba Arroyo and Gerardo Flores]

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[FBIS Translated Text] The sale of those financial institutions that have had to resort to the Savings Protection Banking Fund (Fobaproa) requires two basic factors: The reorganization of these institutions must have been completed, and market conditions must be stable enough to launch the sale of the institutions.

Eduardo Fernandez, president of the National Banking Commission (CNB), made the previous assessment, adding the amount of financial support granted to Banpais could be made public in a few months.

During the People's Advisory Forum on Contributions of the Banking System to Savings and National Development, the CNB president said that with regard to Banpais, the authorities are undertaking efforts to determine the amount of financial assistance needed to completely reorganize the bank. In addition, he ruled out the likelihood of legal actions being taken against members of the bank's board of directors or employees.

Regarding the case of Probusa, the CNB president said "authorities are interested in giving the necessary time so the negotiations with Banco Bilbao Vizcaya may conclude." He also said account holders' deposits at institutions that have capitalization problems "are not facing any risks," because the deposits are insured, and this insurance protects account holders. "We would like to maintain a flexible position, because we want the negotiations to advance," he said.

Fernandez added that banking authorities are interested in establishing alliances, because "they signify the commitment of foreign investment in the future of the Mexican financial system."

For the CNB, the reorganization of banking institutions will prompt an injection of "resources later on," but this factor is not the most important one, because "what is important is that institutions will be ready for sale once they are reorganized, and we will then only require adequate market conditions to receive proposals from potential buyers," Fernandez added.

In this regard, the CNB president said buyers have already expressed an interest in buying Banco Cremi-Union.

It Is Essential That Support Be Given to the People's Savings

On 19 April, educators, economists, and federal government employees demanded that the banking sector be obligated to abandon the discriminatory policy of only giving attention to sectors with capital and that mechanisms be incorporated into the PND [National Development Plan] so as to get the financial system to further savings among the people.

It was explained at the People's Advisory Forum that additional adjustments are required to be able to comply with the needs of our society although efforts are made to modernize the financial system.

Among the lags and problems of the Mexican financial system, the people who attended the People's Advisory Forum also said sufficient efforts have not been made to promote people's savings.

It was also underscored that the financial discrimination policy applied against potential savers has to be reverted, because there is a substantial amount of small capitals circulating that could be vital to the commercial banking sector.

During the meeting between representatives of several financial institutions, Finance and Public Credit Secretariat authorities, and the CNB, National Savings Institution President Salvador Martinez Cervantes said it is important that the PND implement new mechanisms in its program so as to boost financial savings to further the promotion of savings.

He said the commercial banking sector has closed its doors to many Mexicans who do not have large amounts of capital and has only supported those segments of the market that are allegedly more profitable.

Colegio de Mexico researcher Angel Calderon insisted the commercial banking sector has to increase its efforts to obtain resources from private individuals.

He said that 50 percent of the resources obtained from individuals in 1989 were siphoned to this same sector as credits and that the remaining 50 percent had been used to finance private firms.

This, he said, led the commercial banking sector to an unprecedented situation in 1993 and 1994: The total amount of credits granted to individuals was greater than the total amount of resources obtained by banks from individuals.

The Mexican industrial sector suggested that the movement of the available resources be expedited and that steps be taken to allow micro- and small- business firms to have easy access to risk capital so they may take full advantage of credit lines as well as resources of the financial system.

During the forum, Carlos Gutierrez Ruiz, national vice president of the National Association of Manufacturers (Canacintra), demanded that a fund be established so as to modernize micro and small industries and to allow them to have credit lines with terms of 10 or more years.

Gutierrez Ruiz said the development banking sector must be equitable in providing financial assistance. In this sense, he said his task involves furthering efforts so that firms that can hardly quote at the stock market can place their stock abroad or be viewed by commercial banks as special clients.

"We believe it is important for the National Finance Bank [Nafin] to act as a procurement firm [empresa de factoraje] for government industrial suppliers that require immediate cash so they may continue their productive activities," he said.

He also suggested the creation of a guarantee system through reciprocal guarantee firms made up of small- and medium-sized enterprises and public or private businesses. "The refinancing could be handled by an institution established to give solidary guarantees. The sector's guarantee association would also participate with a previously agreed upon percentage," Gutierrez Ruiz said.

He added that another suggestion presented by the industrialists was the use of the Promyp [Support for Micro and Small Businesses Program] card, a Nafin card for micro- and medium-size firms, as a mechanism to give financial support to smaller factories.

Banking, Government Officials To Promote Savings

PA2304224795 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 8

[Report by Gerardo Flores]

[FBIS Translated Text] In the future, Mexico must avoid turning its internal debt into external debt, learn to live with very high current account deficits, insist on being present on international markets, and act more prudently in signing short-term loan contracts.

Financial analysts, bank directors, legislators, and federal government officials agreed that Mexico's big mistakes in terms of external savings consist of both putting excessive confidence in receiving large amounts of foreign capital, thereby increasing the country's indebtedness, and disregarding the refinancing risk.

In this context, Deputy Finance Secretary Jose Sidaoui urged all sectors to make every effort to increase savings, which is fundamental for the country's economic development.

During the popular consultation forum entitled "The Banking Sector's Contribution to National Savings and Development," Sidaoui said the promotion of external savings will be one of the guidelines to follow in the next few years.

Carlos Garcia Moreno, Mexican Petroleum's corporate finance manager, has said that most of the refinancing risk which led to the present crisis originated in low prices. People thought Mexico would recover its investment in the short term, which would give the country access to a larger pool of investors. "Too big a bet was placed on a single card," he said, adding that to a large extent, external savings received until 1994 did not complement but replaced internal savings.

Garcia Moreno said that during Salinas' administration, Mexico became fashionable among international fund suppliers, which created great enthusiasm and then brought about the crisis. He recalled that just as in 1982, Mexico has experienced a brutal reversion in the net

transfer of resources abroad and must now drastically reduce consumption to release the resources necessary to finance that transfer.

He insisted on the need for Mexico to speed up its return to international financial markets. He warned, however, that prudence and caution are necessary regarding speculative capitals. The most important factor that can aid a quick return to international markets is that U.S. interest rates stopped their speedy increase in 1994 and will eventually reach their peak next year. There are also negative aspects that can hamper the return to the world capital markets, such as the serious losses by some investors, something they will not easily forget, he concluded.

In addition, Javier Gavito, vice president of the Banking Commission, said that the banking sector is not yet competitive enough to assist in the development of savings in the country. He said the financial system must correct its technological backwardness and increase its human capital and technological investments. He said that internal savings in the 1980's reached 22 percent of GNP, which remained constant until last year, when it dropped to 15 percent. He added that in the nineties, the financial system permitted a higher level of savings, 42 percent, which was mainly directed at the private sector, in particular due to the liberalization of the banks' legal deposits in the Central Bank in 1989.

Bernardo Gonzalez Arechiga, assistant planning director of the Mexican Stock Exchange, emphasized the importance of Mexico having a futures market to protect itself against the speculative onslaughts regarding the exchange rate. He emphasized the urgent importance of establishing this market, although he pointed out that Mexico is suffering from a 20-year delay. More than 64 stock markets have this type of operation, with only Mexico, Greece, and Iceland lagging behind, a situation that will cost them dearly.

Finally, Enrique Vilatela, director of the National Foreign Trade Bank, said exports will be one of the main ways Mexico can attract external savings in the future.

Bank Reports Increase in Number of Overdue Portfolios

PA2404232395 Mexico City *EL FINANCIERO* in Spanish 21 Apr 95 p 6

[FBIS Translated Text] The National Bank of Public Works and Services, Corp., Banobras, has stated the balance of its total portfolio with states and municipalities is 9.6 billion new pesos. The bank has stated that Nuevo Leon, Jalisco, Queretaro, and Mexico are the states where the main creditors are located.

Banobras, which is headed by Jesus Reyes Heróles, has stated that the percentage of portfolios not up to date in the payment of the service debt increased in March as a result of the economic situation, particularly the substantial increase in interest rates.

Consequently, the portfolio of states and municipalities had increased to 600 million new pesos as of 31 March; that is, 6.5 percent of their total debt.

The report has stated, however, that portfolios behind in the payment of services for a brief period are not considered late, because there are sources available to meet those payments and solid guarantees for their recovery.

According to the report, the majority of credits granted by Banobras to states and municipalities are guaranteed by their participation in the revenues collected through the fiscal coordination system.

Banobras has stated that "considering the expected behavior of interest rates, it is estimated that in April the percentage of portfolios with overdue service payments will increase with regard to the total debt of states and municipalities. [no closing quotation mark as published]

Nafin To Allot 5 Billion Pesos for Credit Union Support

PA2504014295 Mexico City LA JORNADA in Spanish
21 Apr 95 p 50

[Report by Luis A. Boffil Gomez]

[FBIS Translated Text] Merida, Yucatan, 20 April—The National Finance Bank (Nafin) announced this afternoon that in a period of 60 days it will channel 5 billion new pesos through Investment Units (UDI's) to support the country's credit unions and development institutions that act as its main nonbank intermediaries.

In Yucatan, Nafin will allocate approximately 150 million new pesos in UDI's to support 11 credit unions and two development institutions.

Nafin General Director Gilberto Borja Navarrete held a news conference and clarified that in this manner, all domestic credit unions—he did not state the exact number—that had repeatedly asked for UDI benefits to restructure their overdue portfolios will receive support. He explained that the volume of the credit unions' overdue portfolios ranges from 8 to 9 billion new pesos.

Borja Navarrete said that appropriate mechanisms will also be sought to make current guidelines more flexible and to guarantee that such intermediaries can overcome the "transitions they are facing and can responsibly resume rapid operations for the sake of the productive sector."

Stating that commercial banks had priority in obtaining UDI's, Borja Navarrete admitted that credit unions were created quickly and with a "healthy ambition," and since their unveiling, they have become the most efficient vehicle to help micro-, small, and medium enterprises.

Nafin, Borja Navarrete maintained, is committed to supporting its nonbank intermediaries—credit unions—since some of them need to purge their operations

systems at a time when they are facing the new and difficult challenges presented by the current economic situation.

Meanwhile, Borja Navarrete, along with Governor Federico Granja Ricalde and several local businessmen, presented the financial program that Nafin will implement in the state. This program amounts to 600 million new pesos and will benefit 1,900 micro-, small, and medium enterprises.

Chamber Approves Creation of Banking, Securities Commission

PA2504012195 Mexico City NOTIMEX in Spanish
0127 GMT 22 Apr 95

[FBIS Translated Text] Mexico City, 21 Apr (NOTIMEX)—Today, the Mexican Chamber of Deputies approved the bill creating the National Banking and Securities Commission.

The bill was passed with 372 votes in favor, one against, and will now be sent to the Senate for the pertinent procedures.

Ruling party Deputy Jesus Rodriguez y Rodriguez said the reform will allow the Mexican financial system, including banks, to serve two types of consumers: credit users and investors.

He also said the bill guarantees that the financial system's activities will always be legal and consistent with healthy financial practices.

Gabriel Llamas Mojardin, of the opposition National Action Party (PAN), said: "We will support this reform, because steps are being taken under surveillance and within the regulations for financial activities, all of which will benefit customers and the general public."

Deputy Joaquin Vela Gonzalez admitted that merging the banking and securities commissions will regulate the supervision and control of financial institutions.

He added the merger will increase implementation of the law against those who improperly dispose of financial institutions' resources.

IMSS Assessment Shows Funding Shortfalls

PA2304190295 Mexico City REFORMA in Spanish 18
Apr 95 p 21A

[First of two installments of a report by Sandra Reyes: "Part I: Oxygen for the IMSS"]

[FBIS Translated Text] The financing model maintained by the Mexican Social Security Institute [IMSS] over the past few years has become obsolete. Investments in hospitals and health coverage in the last three decades were financed with resources that should have been earmarked to guarantee the retirement of pension-holders, according to an IMSS assessment prepared by the current administration.

While Mexico was a country in which the population of young people grew faster than the elderly population, the formula could be sustained at the expense of pension-holders. Nevertheless, today's demographics make it impossible to maintain this model over the next few years.

One characteristic of the changing population is the relative increase in pension-holders. IMSS demographic studies project that the annual growth rate of pension-holders will be 5.7 percent over the next 20 years, while the expected growth rate of workers employed under IMSS is 2.6 percent, according to the most optimistic scenario. Should the current financial structure be maintained, the IMSS would come close to collapsing or fail to fully meet the needs of an increasingly important segment of Mexican society—namely, pension-holders.

The new demographic situation stems from an increase in life expectancy, a decline in the birth rate, and an increase in the average age of the Mexican population, the IMSS assessment stated.

How Is the IMSS Financed?

In reality, the IMSS is a complex system that features five categories of coverage supported by two sources of financing—those exclusively financed by employers and those financed by the three parties [workers, employers, and government].

The line items exclusively covered by employers are occupational risk coverage, with a 2.5 percent average of the payroll, child care with 1 percent, and SAR [Retirement Savings System] with 2 percent.

Among the share contributed by workers, employers, and government are Sickness and Maternity (12.5 percent of payroll), and Disability, Old Age, Unemployment at an Advanced Age, Death, and Child Care Center Benefits (IVCM) (8.5 percent of payroll).

In these last two categories, employers contribute 70 percent; workers, 25 percent; and the government, 5 percent. The Sickness and Maternity category receives the largest amount of resources, but it also is the one that requires the most funds. This category currently receives 12.5 percent of salary. It should be noted, however, that this percentage went from 6 to 8 percent in 1948 and was set at 9 percent in 1959, after which it remained unchanged for 30 years. The percentage increased three points in 1989, reaching 12 percent of payroll. It again increased half a point—12.5 percent of base salary—in 1993.

These quotas are the primary source of financing. Nevertheless, an important part of the Social Security system's resources comes from subsidies to the IVCM. The reason for this is that there was a deficit in this category and subsidies were needed to pay for these benefits.

The Sickness and Maternity category obtained resources worth 21.737 billion new pesos [N\$] in 1994, but its

expenses amounted to N\$21.874 billion in the same period. This left a negative balance of N\$237 million. The balancing of this category's finances would require an allotment of 13.5 percent of base salary.

The assessment prepared by the IMSS itself notes that the deficit in the Sickness and Maternity category has been created by two main factors: 1) There was an urgent need to establish the necessary infrastructure for medical services, as well as to finance current expenses; and 2) the IVCM category featured a sizable surplus in liquidity in the beginning because there were few pension-holders.

The IMSS assessment states: "The Sickness and Maternity category has a financial imbalance which, given the current operations and financing standards, cannot be corrected without using surplus balances from other sectors."

However, changes in the demographic pattern have an impact on the demand for services, and this fundamentally affects the financing of Social Security benefits.

The Pension-Holders Problem

The contribution to IVCM has increased twice: on 1 January 1991, when it was hiked from 6 percent to 7 percent of salary, with an additional 0.2 percent to be added annually until the contribution reached 8 percent in 1996; in 1993, however, it was increased an additional 0.5 percent.

To ensure that a worker who is married at the time of retirement receives a minimum pension, the amount of overall contributions must be equivalent to 19 minimum wages on an annual basis (SMA). Current contributions, however, only leave an overall base worth four SMA if it is based on a minimum wage over a 10-year period, and 1.83 SMA [as published] if it is for 40 years. Furthermore, if it is based on 10 minimum wages, the fund created would increase proportionally, reaching 3.3 SMA for 10 years and only 18.3 SMA after 40 years. [sentence as published]

In sum, the current system does not ensure the necessary funds to finance the minimum pension of a married pension-holder, even if he makes contributions on his maximum annual wage earned over a 40-year period.

Moreover, although the problem of low income among pensioners is already serious today, the number of pension-holders will triple in 20 years and their low incomes will probably trigger the greatest problem facing our entire economy.

The IMSS assessment also mentions that the IVCM category, as well as the Sickness and Maternity category, will soon face shortfalls.

The financing of the Child Care Centers is determined by contributions. The current contribution is 1 percent of wages and is paid by the employer. Nevertheless, although the mandated percentage has been collected, it has regularly been used to cover deficits in the Sickness

and Maternity category. These transfers have amounted to more than 50 percent of the Child Care Center contributions.

Faces Financial, Structural Problems

PA2304190795 Mexico City REFORMA in Spanish 19 Apr 95 p 22A

[Second of two installments of a report by Sandra Reyes: "Part II: The Limits of the IMSS"]

[FBIS Translated Text] Not only does the Mexican Social Security Institute [IMSS] face a list of serious financial problems, but its development has created an enormous bureaucratic apparatus. Today, there are two administrative workers for every doctor.

In addition, salaries for skilled workers are well below the market rate. Family doctors average 6,338 new pesos per month. By contrast, general service personnel salaries are considerably higher than the market rate. A nursing assistant receives a salary of 2,195 new pesos per month.

The IMSS also has grown significantly in other areas that are not necessarily related to health services. It has grown to the point that it now has 25 sports units, 38 indoor theaters, 149 stores, and 1,439 "knowledge expansion centers."

IMSS problems differ from department to department, but they are similar in the fact that financial systems currently in effect are hardly enough to support the services the institute provides.

Sickness and Maternity Services

In terms of Sickness and Maternity Benefits, the IMSS faces a series of problems, both financial and logistical problems in meeting the needs of the community.

The IMSS has an institutionalized medical attention system that guarantees access to medical services for all insured workers and their dependents, independent of income or location. Despite this, financial support does not take into account differences in terms of age, medical condition, or the number of dependents.

Among other problems, and in addition to those listed above, the institute also exhibits the following weaknesses:

- There is a financial shortfall in terms of paying for medical attention. The money required to cover these services, without including ancillary expenses, is 12.8 percent of overall salary. Nevertheless, the current contribution is 12.5 percent.
- The population is gradually growing older and life expectancy is increasing, and therefore the cost of providing services for the elderly is increasing, thereby aggravating the situation.

- The current system of financing discourages job creation and salary increases. It also inhibits the expansion of coverage and allows employers to underpay, particularly smaller businesses that are having difficulty in managing their operations.

- Premiums are tied to salaries and not to the cost of services provided. This means that when salaries fall, so does IMSS' ability to procure the resources it needs.

- The current work system does not promote or encourage personnel improvement. This creates a lack of motivation and preempts any improvement in the quality and efficiency of IMSS services.

- There is increasing dissatisfaction among patrons and IMSS personnel, particularly those in primary care centers.

- The gap between salaries has closed somewhat. While doctors make less than they would in private practice, auxiliary workers receive almost double their market rate.

Disability, Retirement, Old-Aged Unemployment, Death

Revenues generated in this category have been used to build the institutes' facilities and other such activities, instead of being channeled into a fund to meet future obligations.

In the beginning, this allowed surplus income to be used on infrastructure and assist in covering costs related to Sickness and Maternity Benefits.

This category has a broad service network, which collects and manages the contributions of more than 10 million workers and provides benefits for more than 1.4 million retirees and pension-holders and their families.

This category's financial stability is primarily shouldered by active workers still contributing to the system. The reason for this is that the system is relatively new.

Nevertheless, demographic patterns are changing, and the average annual increase in the number of retirees and pensioners is projected to be 5.7 percent over the next 20 years. However, this number increased almost 7 percent in the past two years, while new workers entering the system increased by only 2.6 percent.

Coverage is limited only to people enjoying formal employment. This implies a discriminatory structure against low-income workers and women—the two sectors of the population with the greatest risk of losing benefits for not meeting the necessary requirements established by the system.

The Social Security Law assigns pensions by only taking into account a worker's last five years of income, which makes the greater part of a worker's salary over his or her career irrelevant when it comes to establishing the pension.

This rule arbitrarily affects redistribution, given that various workers experience salary peaks at different ages, depending on their personal characteristics and the kind of companies they work for.

One may say that the highest real salary is earned during the middle of a person's working life and not during his or her final five years, which means that pensions are calculated on the basis of a lower salary than a worker's highest pay.

Contributions over a long period of time are required before differences in salaries are reflected in the amount of pension, therefore, those who retire immediately after the mandatory minimum period of contributions (10 years), their pensions are very similar to those of workers who have reference salaries of up to 6.5 times the minimum.

Also, we must underscore that subsidies are currently provided in the area of social benefits (4.7 percent of all IVCN [Disability, Old Age, Unemployment at an Advanced Age, Death, and Child Care Center Benefits] collected), although this is not required by law.

Occupational Risk Insurance

This was created to protect those workers who suffer from a work-related accident or disease.

This insurance also protects management, because the IMSS assumes the economic obligations of the employer when a worker suffers a mishap, and in this way, the employer does not have to cover himself for special expenses related to such obligations.

This type of insurance is currently suffering from two structural problems:

- 1) A financial imbalance created by an obvious increase in the life expectancy of pensioners that has represented an increase of more than 80 percent [words indistinct].
- 2) Mandatory increases in benefits not included in the original plan for which no matching increases in contributions have yet been planned.

These benefits include pension increases, a reduction in requirements for granting such increases, and the creation of new benefits that did not exist in the original plan, featuring additional benefits for accidents in transit that include Christmas bonuses, the extension of the duration of pensions from 16 years to 25 years for orphans who demonstrate they are engaged in studies and a lifetime pension for orphans who are disabled, and others.

Social Benefits

These benefits are provided to virtually anyone, whether or not they are under IMSS, and this means that they have not necessarily been used by the IMSS target population.

These benefits, however, have reached rural communities and regions and respond to the claimants' interests and needs. The funds used by the social benefits category come from the IVCN and represented 4.7 percent of its 1993 income.

Expenditures on social benefits represented 0.83 percent of the institution's overall revenues.

Regarding social benefits, there has been a separation of the areas involved, and they have not been incorporated into the activities to develop health services or to improve the overall standard of living of the population.

These facilities maintain about 5,367 workers who represent 1.5 percent of the institute's payroll. The operational funds of the social benefits category come from the IVCN and represented 4.7 percent of its 1993 income.

Bancrecer Financial Group Reports \$81 Million in Profits

PA2304033195 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 10

[Article by Alicia Salgado]

[FBIS Translated Text] Ruben Acosta, director general of the Bancrecer Financial Group, affirmed that without a social outlook and good administration, the Mexican banking system will be unable to face the situation affecting all levels and sectors of the population.

By March's closing date, despite having built up 616 million new pesos in reserves to meet the capitalization requirements and provisions for the overdue portfolios of Banoro and Bancrecer, its two banking affiliates, the group reported 81 million new pesos in profits without having to turn to Procapte [Temporary Capitalization Program].

Bancrecer is the fastest growing institution in the Mexican banking system with internationally recognized banking efficiency parameters. Purchased in 1991 with 70 branches for 2.63 times the net worth of 175 million new pesos, the bank currently has 730 branches operating in northern Mexico through Banoro, and in central and southern Mexico through Bancrecer. At the end of March, the group registered a net worth of 1.749 billion new pesos.

"Since August 1991, dividends have only been distributed once. All profits have been reinvested, and the group's partners have made a number of capital contributions worth \$60 million out of the \$90 million investment required to incorporate the "Altamira" network, the most efficient banking software used internationally," said Acosta, who has been a public as well as private banker.

Explaining the "explosive expansion" of the Bancrecer Financial Group, which has risen from 11th place in the banking market when Bancrecer was purchased to fifth place at the close of March—only a "hair's breadth"

from Banco Mexicano—Acosta said that branches have been opened selectively and orderly to create a world-class infrastructure with a national average of 8.8 employees per branch. The banking system average is currently 35 employees per branch. "Operating efficiency is basic which has allowed us to resist—not without some difficulty—the current crisis. We have felt a decrease in the acquisition of capital, a result of people and the productive sector's cash shortage. From the moment the devaluation occurred, we implemented a special strategy by organizing 13 regional centers in Bancrecer, and other centers in Banoro, with instructions to approach all our clients to facilitate the restructuring of their loans. We did not wait until February, and that gave us results," Acosta said.

In fact, with the participation of 75 percent of the UDI [Investment Units] resources for restructuring loans, we are able to resolve more than 100 percent of the net overdue portfolio of the group's affiliated branches. This net overdue portfolio equals 1.134 billion new pesos. These branches have established reserves worth 1.930 billion new pesos, representing more than 60 percent of the overdue portfolio. [sentence as published]

By March's closing date, Bancrecer had reached a capitalization index rate of 8.19 percent, and Banoro had reached 8.19 percent, despite the fact that the Bancrecer Financial Group has gone through an extraordinary period of investments. In August 1993, the group initiated Bancrecer operations in Costa Rica to expand operations in Central America, and last week it expanded into Chiapas, Quintana Roo, Yucatan, and Campeche with the opening of 105 branches with a total of 300 employees.

Retirement Savings System Fund Accumulates Billions

PA2104214595 Mexico City *EL FINANCIERO* in Spanish 20 Apr 95 p 10

[Report by Gerardo Flores and Rosa Elba Arroyo]

[FBIS Translated Text] Up to March 1995, the Retirement Savings System [SAR] fund had raised 33.7395 billion new pesos. Of these, 59 percent, or 20.5711 billion, correspond to housing, and 13.168 billion to retirement.

This was reported by Fernando Solis Soberon, president of the National Commission of SAR, within the framework of the Popular Consultation Forum [Foro de Consulta Popular] on the National Development Plan [PND]. He noted that from May 1992 until March of this year, the retirement account paid a 4.7-percent effective rate of earnings.

He reiterated that the retirement account funds currently being channeled to the federal government soon will be directed to investment associations specializing in managing these type of funds.

He said: "In this program, the federal government commits itself to paying interests of less than 2 percent on the last-day-of-the-month balance, using the price index of the previous month."

Solis added that the housing account's fund channeled to the Institute of the National Fund for Workers Housing [Infonavit], or to Fovissste [expansion known], will pay interest rates based on its operational budget, trying to ensure that the fund balance remains stable in real terms.

The president of the SAR National Commission said that as this savings mechanism is consolidated and comes to replace traditional pension funds currently presenting finance problems, the effects will improve.

Alonso Cuevas del Villar, president of the Norms and Deregulation Subcommittee [Subcomision de Normatividad y Desregulacion] of the Mexican Association of Bankers has suggested that within the framework of its plan to modernize financial regulations, the PND is considering the creation of a single financial code, replacing the 14 that exist right now.

According to Cuevas, in order to rationalize and reduce the demand for information from financial authorities, the code should establish deadlines for requesting information and opinions while ensuring respect for bank secrecy norms.

The idea is to have a code coherently regulating institutions and the operations of financial intermediaries and to have it list "with precision" the scope, objectives, and formal characteristics of the general norms that could be validated by the country's financial authorities.

As Alonso Cuevas sees it, the modernization of financial norms must consider four key elements: the legal state; deregularization, self-regulation, and systematic aspects; the updating of norms; and international globalization.

On this last point, Cuevas said that laws that are compatible and in harmony with applicable international norms must be passed domestically.

Report Details Social Security Institute

PA2104225195 Mexico City *REFORMA* in Spanish 18 Apr 95 p A-21

[FBIS Translated Text] The Mexican Social Security Institute (IMSS) has more than 37 million beneficiaries, has an infrastructure of more than 1,700 medical units, and pays more than 1.43 million pensions per month. More than 700,000 people go to its medical facilities every day, and its day care centers receive approximately 61,000 children.

More than 340,000 people work at the IMSS, and it has approximately 28,526 beds, one bed for every 12.1 people. An average 26.38 beds were used for every 1,000 members assigned to a family doctor in 1994, while 3.69 consultations were made per hour with a family doctor by beneficiaries in 1994.

The IMSS has been organized in 36 districts, 32 at the regional level—their area of authority is equivalent to the territory of the states in the republic—and four in the Federal District.

The IMSS has programs and services in all the states and includes both members and beneficiaries in most of the country's municipalities.

The growth of the IMSS in the long term can be measured if taking into consideration that the number of members increased from 356,000 in 1944 to 995,000 in 1966, and slightly more than 9 million in 1994.

The IMSS beneficiaries are comprised as follows: Only 27 percent in direct members and slightly more than 70 percent in their relatives.

According to the Activities Report presented in January 1995, revenues during the 1994 fiscal year increased to 42.199 billion new pesos while expenses totaled 37.732 billion new pesos, which allowed an increase of more than 2.863 billion new pesos in the availability of financial reserves for future expenses.

The report predicts revenues will increase to 46.572 billion new pesos by the end of this year, a 10.4 percent increase compared to last year.

The IMSS' overall projected expenses are 43.262 billion new pesos.

Out of this budget, 13.614 billion will be allocated to fulfill pledges regarding cash payments; that is, pensions, the cost of which will involve a 25.6 percent increase compared to 1994.

This is the IMSS sector that will undergo the quickest increase in the near future, and its financing represents the toughest challenge.

BALANCE OF REVENUES AND EXPENSES BY SECTOR

(in millions of new pesos)

—SICK LEAVE AND MATERNITY LEAVE—

YEAR	REVENUES	EXPENSES	BALANCE
1990	9,049.9	8,847.1	202.8
1991	12,269.3	12,524.8	255.5
1992	15,503.9	16,207.2	703.3
1993	18,591.9	19,394.2	802.3
1994	21,737.0	21,874.0	137.0

—WORK RELATED ACCIDENTS—

YEAR	REVENUES	EXPENSES	BALANCE
1990	1,517.1	1,424.7	92.4
1991	2,101.1	1,954.5	146.6
1992	2,611.3	2,441.2	170.1
1993	3,125.3	3,038.2	87.1
1994	3,797.9	3,201.0	596.9

—DISABILITY, RETIREMENT, UNEMPLOYMENT, DEATH—

YEAR	REVENUES	EXPENSES	BALANCE
1990	4,507.8	4,419.5	88.3
1991	7,302.9	6,682.6	620.3
1992	9,470.0	8,470.1	999.9
1993	11,224.1	10,602.6	621.5
1994	13,797.0	11,732.0	2,065.0

—DAY CARE CENTERS—

YEAR	REVENUES	EXPENSES	BALANCE
1990	706.7	249.0	457.7
1991	972.6	423.4	549.2
1992	1,216.6	520.0	696.6
1993	1,436.5	652.9	783.6
1994	1,687.9	719.0	969.0

Development Plan Seeks To Improve Social Security Service

PA2204150995 Mexico City EL FINANCIERO in Spanish 20 Apr 95 p 39

[FBIS Translated Text] Mexicali, Baja California, 19 Apr—Genaro Borrego Estrada, director general of the IMSS [Mexican Social Security Institute], said that the 1995-2000 National Development Plan will mark a course to attain a better Social Security system for all Mexicans, thereby strengthening it, giving it financial soundness, and guaranteeing its capacity to better serve more and more members.

He added that the Social Security system should serve to encourage national competition, not become a burden, and move closer toward the concept of universal coverage to serve the entire population.

The official spoke during the Popular Consultation forums on Social Security that were held in the city of Toluca, Mexico State, and in the afternoon in Mexicali, Baja California State, where certain proposals came to light from the labor and business sectors—proposals such as allowing patients to freely choose their family doctor and have IMSS prescriptions filled by any pharmacy.

When referring to the seven Social Security forums held in various cities, Borrego Estrada described them as a democratic exercise that provide a course and give confidence. He explained that democratic planning is the method plural and open governments use and that great goals and policies should be set by this method, which above all else should be rational, efficient, nationalistic, and feature a popular and social nature. This provides for a better utilization of public resources and helps define common goals and priorities that serve to summon greater participation.

Manuel Aguilera Gomez, director general of the ISSSTE [Social Security and Services Institute for Government

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Workers], also took part in both forums. He said there is currently a consensus on the need to guide the Social Security system via a specific plan, which has prompted the request for proposals to substantially improve the quality of medical services and mechanisms that buttress the financial balance of the institutions.

In addition, he reiterated that this popular consultation seeks to increase efficiency, boost the effective decentralization of services, and simplify procedures and paperwork for everyone. In the end, we need to design a Social Security system that will allow us to jointly combat problems caused by underdevelopment and, at the same time, remain capable of overcoming problems characteristic of more advanced societies.

In the morning session, the IMSS director was accompanied by Mexico State Governor Emilio Chuayfret Chemor. At the session, Borrego Estrada said we cannot expect the Mexican people to unanimously accept any decision. Because of this, the best application of resources can only be achieved through broad participation.

He explained: "Democracy generates consensus, strengthens unity, gives cohesion to national efforts, and revitalizes the government and Mexicans in their daily work by affording greater well-being and social justice. It is a collective learning process that begins with informing, choosing, and reviewing the paths to follow." He added, "Social Security, as the president has said, is a national priority for 50 million Mexicans currently covered by the system, because of the amount of resources it handles, and because of the effect it has on employment, savings, and the well-being of million of Mexican families."

He later admitted that demographic and epidemiologic transitions must be faced and overcome, as well as strengthening Social Security's role as an irreplaceable instrument for the stability and confidence of the Mexican people.

He said that for the sake of the Mexican people, it is necessary to give financial viability to our institutions, increase the quality of their services, give greater liberty and freedom to users, and improve conditions for providers of services.

"The people's mandate is clear: Mexicans want access to timely health services—with quality, confidence, and the guarantee of a dignified and sufficient pension when retirement age is reached. Mexicans want to pay fair contributions that do not affect employment or wages. They want services that encourage work, security, and hygiene and give greater protection and coverage," Borrego Estrada said.

Ambassador De Greiff on Legalization

95WB0033 Mexico City REFORMA in Spanish 2 Apr 95 'Enfoque' Supplement pp 10-11

[Interview with Ambassador Gustavo de Greiff by Santiago Perez, in Mexico; date not given]

[FBIS Translated Text] *"There have been, and must still be, Colombian organizations working with individuals or groups in Mexico that are cooperating with that entire monstrous chain of production, trafficking, and sale in the consuming countries." This is the opinion of Colombia's ambassador to Mexico, Gustavo de Greiff, who proposes a revision in the strategy for fighting the drug traffic, in view of the failure of repression as a sole option.*

The Colombian ambassador to Mexico, Gustavo de Greiff, was prosecutor general from 1992 to 1994, during President Cesar Gaviria's administration. During his term, the perception of the problem of drug trafficking, production, and consumption, caused a furor. Today, the doctor of laws still maintains his propositions: other methods of dealing with this problem need to be studied, and they should not be limited to repression alone.

Specifically, De Greiff proposes that drug trafficking be legalized, and that solid educational campaigns be undertaken to dissuade potential consumers. In view of the failure of repression as a sole option for treating this problem, that other option would avoid giving drug dealers the opportunity to amass wealth illicitly.

Legalizing Consumption

[Perez] What is the current status of the counternarcotics battle?

[De Greiff] It is unfavorable. The cultivation areas have not been reduced, but rather have expanded. Cartel chiefs are killed or captured, and the price does not even fluctuate on the international market. The retentions or interdictions of narcotics and money originating in the drug traffic are very meager compared with the amounts reaching the international markets. The number of drug dealers captured or killed is also very small compared with the number of people implicated in that business. The corruption involved in the illicit trade is enormous in all countries because, unfortunately, not only are drugs corrupting our authorities (we admit that, and are fighting it), they are also entering the consuming countries through the corruption of authorities. Or could those authorities be so stupid that the drugs pass under their noses and eyes without their either smelling or seeing them? That, also, is due to corruption.

If we see factors as unfavorable as those in the area of repression, why don't we think of another tactic, a dual tactic that would tackle both problems, the two extremes of the drug traffic? One consists of production and trafficking; and the other, consumption. How can we fight production and trafficking? What is feeding both? The immense profits involved in that business: "obscene profits," as I have called them. Those profits must be destroyed, and if repression is of no use in destroying them, then we should adopt a different tactic: that of regularization or legalization.

Legalization cannot be interpreted as it was attempted to interpret marital separation in Colombia 15 or 20 years

ago. It was illegal to become separated, but President Alfonso Lopez Michelsen proposed its legalization. Then, a number of extremely religious ladies, fundamentalists, went to him protesting that "this would destroy the family and society," and asking: "How could it occur to you to propose that?" Then Dr. Lopez Michelsen told them something that I would also apply to the fundamentalists opposing the proposition to regularize trafficking: "Be calm, ladies, do not be deceived; I am proposing legalizing separation, not making it compulsory."

In the same vein, I am proposing a debate on the possibility of legalizing consumption, but not on making it compulsory. How do I view the other side of the problem: that of consumption? I view it from the standpoint of large-scale educational programs to dissuade people, potential drug users; and of medical treatment for addicts. These are areas in which, from the standpoint of repression, the consuming countries are doing very little, because they are devoting very little effort to large-scale educational campaigns, and much less to medical campaigns. There are some who claim that addicts consume at least 80 percent of the drugs arriving, and others consume drugs in order to be able to withstand the pressure of the intense work days demanded by the consumerist values of societies misnamed "advanced" or "industrialized."

On one occasion, during a conversation at the United States Justice Department, where they were scolding me as if I were a little child because I had dared suggest the study of another strategy, they told me: "What you want is to put drugs in the hands of the young." My response was: "And don't the youth of today wishing to consume drugs find all the drugs they want?" On Broadway, on 42d Street in New York, in the parks of American cities, and even in the small towns that used to be more wholesome in the American midwest, aren't young people obtaining all the drugs they want? Of course they are obtaining them! So, the problem is also one of values in the consuming societies, where the people have lost self-respect, and where there is rebellion among the youth against homes that are dissolving. So, let us change those values, and we shall find that the drug traffickers' business also will be destroyed. But so long as prohibition and repression as they exist today survive, what we are doing is giving the drug traffickers the opportunity to amass wealth illicitly.

"I Don't Believe in the Cartels"

[Perez] Is there a common headquarters shared by the Cali and Medellin cartels and the Mexican cartels?

[De Greiff] There must be. I do not agree with the theory of cartels (at least, based on the investigative experiences in Colombia), defined as homogeneous groups dominated by a few chiefs who control certain areas of production, trafficking, and retail sales. I have never discovered, in the history of this entire problem, that concept of the cartel as a closed organization, controlled

by a few who dominate a major portion of the illicit business and traffic, except in the case of the Medellin cartel, in which Pablo Escobar controlled the entire drug trade. Sometimes he himself or his gang did this, and at other times they demanded that those attempting to operate independently pay a tax for each shipment that they managed to sell on the international markets. And if they refused, the cartel would sell the shipments, because Escobar was violent, and ordered people to be killed.

Except for the case of Medellin, what exists in Colombia are a great many organizations. Moreover, as one repentant drug trafficker told me, obscenely: "That notion that we fight one another for markets is false. The markets are so large that they can provide enough work for all of us. We have only fought and killed each other because someone wronged us in a business deal, or over women; but we do not fight over markets." He told me that very cynically, and I was appalled. And now, much less fighting will occur, with the opening of more markets in Europe. There are many organizations in Bolivia and Colombia, and some in Venezuela, as well as Central America and, unfortunately, in Mexico too. There have been, and must still be, Colombian organizations working with individuals or groups in Mexico that are cooperating in that entire monstrous chain of production, trafficking, and sale in the consuming countries.

Another Tactic Against the "Narcos"

[Perez] Is it likely that the Mexican cartels will become independent of their Colombian counterparts?

[De Greiff] The business is so gigantic, and there are so many criminal organizations operating in so many ways, that there must often be organizations in the intermediary countries attempting to become independent and to work on their own. And, if the markets are so large, what is to prevent them, if they find a way of obtaining a drug supply, from ceasing to cooperate with the group from Colombia and attempting to do business themselves, with sources of supply other than the Colombian ones?

On one occasion, some drug traffickers who had surrendered to justice were at the Prosecutor General's Office in Colombia (I was cooperating, and want to continue cooperating in every possible way with the DEA [Drug Enforcement Administration], for example), and we held a conversation in my office with those drug traffickers and DEA agents. The individuals who had surrendered told the DEA agents that they should support the Colombian policy of offering protected surrender to justice, because that policy would enable those who surrendered to justice and cooperated with it to give information on the thousands of systems and routes that they have for their business. They remarked: "You do not even know 10 percent of the thousands of methods that we have for drug trafficking."

I have been in favor of the policy of protected surrender to justice, of opening the door of justice to drug traffickers willing to surrender, and of allowing them a

reduced sentence, in return for that surrender and for their additional cooperation in informing, surrendering assets, and reporting on trafficking methods. The United States has not favored that, because it believes that the deterrence implicit in the repression system will cause the cartels or groups to decline, and the people wishing to engage in the business to refrain from becoming involved for fear of prosecution. The United States considers that the right policy, and believes in it, in good faith. There are people convinced that repression is the right method, although the facts prove that, thus far, it has not succeeded.

In the United States, they do not believe in that system of protected surrender to justice, alleging that, in Colombia, the benefits given in exchange for surrender lead to overly lenient penalties. They may be correct about the overly lenient penalties, but a British magistrate in the Queen's Court, where they have far more respect for the ideas and measures each country wishes to adopt, based on its sovereignty, for emerging from that dreadful drug trafficking problem, told me: "They accuse you of having overly lenient penalties. The United States, on the contrary, has very stiff penalties. And what effect have the lenient or stiff penalties had in the respective countries? There is as much drug trafficking in the United States as there is in Colombia. So, the distinction between lenient and stiff penalties has not solved the problem."

It must be debated. Of course, one cannot say: "I favor legalization, and repression has had these failures; therefore, it should not be continued here." If countries want to remain on the side of repression, then it is the obligation of all of us who have any influence on the society or the state to be as effective as possible with repression. But that should not prevent us from studying other possibilities, other tactics, and other methods. The Colombian Government does not favor this proposition and, besides, it could not unilaterally adopt regularization of the drug trade. That country would become the pariah of mankind. This must have universal consensus. A study should be made, considering the possibility of regularizing or legalizing the traffic, and preventing an increase in consumption. One problem is solved, namely, the trafficking; but how is the consumption problem to be solved? This must be studied in a civilized manner and not by persecuting those who honestly propose that an academic study be made first. Then, based on the results, there should be a study of the consequences of a tactic other than mere repression.

What the latter has done is to make a number of violent persons who corrupt societies and, of course, deserve imprisonment, wealthy.

[Perez] What are the prospects regarding the issue?

[De Greiff] I am pessimistic, so long as that fundamentalism exists. Nothing will be achieved so long as it is believed that the desire of anyone who proposes regularizing the traffic, or taking the business away from drug traffickers through methods other than repression, will supply consumers and put drugs into the hands of youth. Once in awhile, I see signs of hope. An editorial recently appeared in THE NEW YORK TIMES and, in December, one in THE ECONOMIST, advocating legalization. In Spain, CAMBIO 16 also has at times discussed that proposition. Our Nobel Prize winner, Gabriel Garcia Marquez, made a statement about this as well; and Octavio Paz has discussed the same thing here in Mexico. These are small rays of hope, but 20 or 30 years will elapse before we see a rational approach to that issue.

Meanwhile, the social costs will be immense. Just imagine, in a poor country like Colombia, what it costs to have those famous Army and police special task forces, looking for a few drug traffickers! When they are arrested (ultimately, we shall capture them, I am sure that they will fall into the hands of the justice system), nothing happens to the drug market. Just as nothing happened on the day that Mr. Rodriguez Gacha was killed; nothing happened on the day that Mr. Escobar Gaviria was killed, nor on the day that Lehder was extradited, nor on the day when a number of drug traffickers were arrested. The price did not even fluctuate on the international markets.

Let us continue studying other methods of combating the problem; let us continue the repression; but let us also continue being effective in fighting corruption. We should ask the industrialized countries to do the same because, in all the U.S. prisons, the inmates obtain as many drugs they want. How do they achieve this? Only with cleverness and corruption.

The other problem that will have to be studied some day is the extent to which the battle against drugs (and the emotional, fundamentalist way in which it has been waged) has caused disregard for human rights and perversion of judicial systems. When Mr. Escobar Gaviria was being sought, one of the Army officers who belonged to that special task force remarked: "Some day we will kill Mr. Escobar." I was opposed to this, and said: "No, what we must attempt as a civilized country is to capture Mr. Escobar, try him, and convict him according to our laws."

El Salvador**Finance Ministry To Augment Tax Auditing Measures**

PA2104190595 San Salvador LA PRENSA GRAFICA
in Spanish 17 Apr 95 p 15A

[FBIS Translated Text] This year the General Directorate of Internal Revenue (DGII) expects to increase the amount of taxes collected after an intense analysis of information provided by taxpayers.

In 1995, the DGII expects to be able to implement approximately six different tax auditing plans: general, evasion, special plan based on economic sectors (commerce, construction, etc.), fixed point, income, and credit residuals.

The general plan will help analyze information provided by the taxpayers using sophisticated computer programs that will allow the DGII to review and compare the data provided.

The fiscal and information analyses plans will be complemented by new laws, such as the one on fiscal crimes which has been reformed to correct its application.

Tax Auditing Plans

Included in the tax auditing plans are:

—The general tax auditing plan (also called the "Block by Block" plan) on the compliance with fiscal obligations.

According to DGII Director Miguel Angel Espinoza quick audits of specific points will be done to detect the most frequent violations.

The plan will be implemented to include as large a number of companies as possible to audit specific areas regarding the value-added tax, income, accounts payable, and retentions.

The DGII will send auditors out onto the streets dedicated exclusively to enforcing compliance with formal obligations: control of registration numbers, book-keeping updates, authorization of cash registers, and issue of authorized invoices, among other things. Every violation of these obligations will be penalized.

What is interesting in the general plan is its cascade effect, because when one block is audited, the next block updates all its information, Espinoza said.

—The fixed point plan: Although it is tiresome, it is very efficient, Espinoza said. This plan includes assigning an auditor to each store to be audited in order to verify invoices.

"This plan brings good luck to taxpayers because during the week that we are on the fixed point plan, these stores sell like crazy," Espinoza said.

It was disclosed that in 1995 the DGII intends to implement the fixed point plan quarterly.

All information gathered with the tax auditing plans will be incorporated into the Finance Ministry's data base. "As the plans have advanced, tax revenues have increased," Espinoza said.

—In the tax evasion plan, the DGII will investigate all persons who have stopped filing income tax returns. They will be called in to explain their situation and to explain why they have evaded their formal obligations.

—Special plans per sector. A study was conducted to determine which economic sectors pay the most taxes. The auditing is oriented along two paths: toward taxpayers who contribute the most, to verify that they are paying their due, and toward those taxpayers who contribute the least, to find out the reasons for their reduction.

Espinoza explained that an analysis was also conducted of those persons who are not principal taxpayers (PRT), that is, most of the contributors to the VAT [value-added tax] system, to determine in which sectors audits will be carried out.

In this type of plan, indices (debit/credit and sales/purchases) of the behavior of taxpayers will be used to get a clear picture of what might happen.

In the analysis to determine the effectiveness of this plan, a list of contributors was drawn up who had a 50 percent sales/purchase index and a 55 percent debit/credit index. Espinoza said that the companies included in these indexes "either like what they are doing or they are lying."

Tax Penalties

Fiscal laws allow the DGII to impose penalties to all who do not declare their income tax on time.

Miguel Angel Espinoza explained that the penalties for failure to report on time are: for the first month, 5 percent of the amount to be paid. For a delay of two months it is 10 percent, and if the delay is for three months, the fine is 15 percent. For a delay of more than three months, the taxpayers must pay 25 percent.

"For individuals or wage earners the fine may never be less than 100 colones and for companies it may never be less than 15,000 colones," Espinoza said.

Espinoza said that this year the DGII will enforce all the fiscal laws in order to increase tax revenues.

Guatemala**Minister: Military Personnel at Prosecutor's Disposal**

PA2504033295 Guatemala City SIGLO VEINTIUNO
in Spanish 24 Apr 95 p 3

[Article by Ana Fresse]

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[FBIS Translated Text] Defense Minister Mario Enriquez Morales said yesterday that if members of the armed institution are summoned by the Prosecutor General's Office in connection with any charges that may be filed, we will put them at the authorities' disposal, but I must point out that all charges filed against us date back three years or more.

The defense minister made these statements after former soldier and guerrilla Francisco Solbal Santay told SIGLO VEINTIUNO from his prison on 22 April that former Colonel Mario Roberto Garcia Catalan had ordered the murder of U.S. citizen Michael Devine in June 1990. According to Solbal, Col. Julio Roberto Alpirez was informed of this. Alpirez was accused by Senator Robert Torricelli of killing Devine and guerrilla Abraham Bamaca.

Back to the Prosecutor's Office

Enriquez Morales said that if the Prosecutor General's Office summons General Garcia Catalan, commander of the military base in Chimaltenango, to respond to the accusations made by Solbal Santay, who has been sentenced to 30 years in prison for the aforementioned crime, the military institution will not be opposed and will ask Garcia Catalan to appear before the courts to explain the situation. The same holds true for Alpirez now that Prosecutor General Ramses Cuestas Gomez issued the subpoena so he can offer further testimony in the case.

What can we do? We can only respect the law, which must prevail in Guatemala. The defense minister does not defend anyone, but does not want the first person mentioned to go to jail, he said.

Anyone who wants to file charges may do so, he said. To do that, however, there must be evidence. It would not be fair to sentence members of the institutions just because of suppositions and intrigues, he added.

As for reports that Jorge Lemus, alias El Bucky, is Solbal Santay's adviser, he said this person has no credibility because his statements are constantly contradictory. The defense minister said there is an effort to investigate things in the past, a process during which he expects both the Army and civilians to remain calm, because that is the way to attain peace.

He added that there is an effort to revive cases from the past in the final stretch before attaining firm, lasting peace in Guatemala.

We have to somehow suffer for and withstand what has happened in the past 35 years, during which the Guatemalan state has endured enormous pressure. During this time, the Army has come to the defense of the country as the armed wing of the state, he said.

Enriquez Morales said that logically something will have to happen to the armed institution even though he would not like it. He said, however, that it is very difficult to stop it because in Latin American countries, where rebels

tried to impose communism, the armies have suffered, and the Guatemalan Army cannot be the exception, he said.

Colonel Denies Masterminding Devine Murder

PA2404232195 Guatemala City PRENSA LIBRE in Spanish 24 Apr 94 p 4

[FBIS Translated Text] Colonel Mario Roberto Garcia Catalan, commander of Military Zone 302 in Chimaltenango, yesterday denied having met U.S. citizen Michael Devine. Devine was murdered in 1990.

In 1990, I was commander of Military Zone 32 in Santa Elena, Peten, stated Garcia Catalan. I never met Mr. Michael Devine, so I could never have given any orders against him, he said.

The soldier made those remarks following statements by Francisco Solval Santay, currently in police custody, who is accusing Garcia of being the mastermind behind the death of the U.S. businessman in Peten.

Garcia said: I would like to make it absolutely clear to the local and international public that during my command of the Santa Elena Military Zone, I never gave any instructions that would threaten anyone's life, as this goes against my moral standards and my military training.

Garcia said Solval Santay's statements have morally affected him and his family. My friends have expressed their concern because I have been implicated in a crime I did not commit. However, they all know of my personal and professional honesty and know I did no such thing.

He Was Acquitted and Freed

Regarding the trial against those implicated in the Devine murder, the soldier noted that there was a trial that lasted over three years. He then testified as military zone commander. At that time, he answered the inquiries in accordance with the law.

He Is Studying the Possibility of Filing Suit Against Solval Santay

Prisoner Solval Santay's statements have harmed me. My attorneys and I are examining the possibility of taking legal action against him for libel, he explained.

He stressed: I am surprised by this prisoner's statements. I demand that Solval produce specific proof of his charges instead of just making irresponsible claims about the case, the soldier concluded.

Army Information Director on Peace Process, Devine Case

PA2404233295 Guatemala City Telesiete Television in Spanish 1900 GMT 24 Apr 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Colonel Morris Eugenio de Leon Gil, director of the DIDE, Army Information and Press

Department, said the armed institution is pleased with the progress made in the national peace process. He also talked about the latest statements regarding the Michael Devine case.

[Begin De Leon recording] Instead of thinking about time, instead of thinking about the four years, I believe we must feel pleased with the peace process. It is a process that has been outlining the end of the armed confrontation. The process is working toward the peace all Guatemalans long for. I think we should all feel pleased with the process. [end recording]

Col. Morris de Leon also talked about last week's clashes during which the Army sustained six casualties. He also talked about the recent statements made in prison by one of the persons convicted in the death of U.S. citizen Michael Devine. This person has involved several high-ranking military officers.

[Begin recording] [De Leon] We believe these kinds of incidents are undoubtedly [words indistinct] because an entire legal process has been carried out. A trial was held during which the person who was convicted for the murder of Mr. Michael Devine was questioned by judges, but he did not say those things at that time. This could be called a true obstruction of justice [words indistinct] however, the institutional position has been that any evidence against members of the armed institution should be taken to the courts. That is where the problem is resolved.

[Unidentified reporter] He is lying?

[De Leon] I cannot say he is lying, but we think it is very strange that at this stage of the game he is making statements that he should have made before the judges at the proper time. [end recording]

Human Rights Ombudsman Concerned Over Violations

PA2504042495 Guatemala City LA REPUBLICA in Spanish 21 Apr 95 p 6

[Report by Ramon Hernandez S.]

[FBIS Translated Text] Human Rights Ombudsman Jorge Mario Garcia Laguardia stated his concern over the extrajudicial deaths in the country, as well as the threats, abuse of authority, and conscription during the first quarter.

Just as the government, through Government Minister Carlos Reynoso Gil, is trying to "minimize" the wave of violence, the ombudsman stated his alarm and concern yesterday over the deterioration in the respect for human rights during the first quarter of the administration of former Ombudsman Ramiro De Leon Carpio.

Garcia Laguardia told the media "the information received and reviewed in the human rights area between 1 January-31 March reveals a total of 78 extrajudicial

deaths throughout the country" according to statistics processed by the Human Rights Ombudsman's Office.

The ombudsman added that 65 threats and 63 abuses of authority were reported during those three months, and this point is worrisome above all because the violations continue although the United Nations Mission for Guatemala (Minugua) is still in the country.

Garcia Laguardia said that the number of conscriptions in the civic-political duties and rights sector rose to 44 throughout the country and that the conscription of minors reports two cases, for a total of 46.

He said 150 reports were received in the social rights area, adding that 38 were received in the economic-social rights sector. He also said 15 reports of illegal arrests and 31 reports of missing people were also received.

Garcia Laguardia said that statistics prove 4,029 reports have been received, 517 of which fall within the office's jurisdiction, and that they were received and handled at the national level.

Creation of Intelligence Secretariat Justified

PA2404220395 Guatemala City PRENSA LIBRE in Spanish 21 Apr 95 p 87

[FBIS Translated Text] The Public Relations Secretariat of the Presidency has issued a press communique justifying the creation of the Secretariat of State Intelligence, stating that the new secretariat falls within the framework of the government's institutional modernization program.

The communique adds that one of the new secretariat's basic goals is to be an intelligence organization for the Guatemalan state that will provide the executive with accurate information on various areas (political, economic, social, and financial, among others) and thus contribute to the adoption of decisions for the nation's benefit.

The new secretariat will attempt to stay within the framework of the Guatemalan legal system and to observe respect for human rights. It will also attempt to establish various controls to avoid politicization and the distortion of the spirit in which it is being created.

Among others controls, the most noteworthy are the political, through the executive branch and an intelligence commission formed by the legislative branch; and the economic, also formed by Congress, for the assignment and approval of their resources. The communique also mentions the direct control the Security Council will exert by approving issues that are considered of national interest.

The communique points out that at present, the secretariat's formation process is focusing on hiring personnel, training them, and preparing them for their duties; and on constructing the building that will be the

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headquarters of the Civil Intelligence Secretariat, which is being constructed with funds from the presidency of the Republic and not, as various groups and people have reported, with funds from other sources.

Peasant Organizations, GAM Oppose Intelligence Secretariat

PA2504041095 Guatemala City Televisiete Television in Spanish 1900 GMT 24 Apr 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Representatives of several Indian and peasant groups have spoken out against the announced creation of the State Intelligence Secretariat, which would replace the G-2 Military Intelligence Command. The Command has allegedly participated in controversial crimes throughout the country. The executive branch's purpose in creating the intelligence agency is to have a body of professionals capable of preventing and countering events that affect state security. Those who oppose the creation of the secretariat believe the intention is find a way to replace the G-2's feared records, which reportedly include files on government and military opposition figures.

One of the groups that has shown the strongest opposition to the creation of the State Intelligence Secretariat is the Mutual Support Group, or GAM.

[Begin GAM Leader Nineth Montenegro de Garcia recording] We realize that every state requires a minimum structure to keep it abreast of what is going on, what strategies it needs to follow, and how to go about it. Based on this intelligence information, it can define the policies needed to counter political instability within the country. Obviously, this is essential in any underdeveloped nation. The issue that concerns us is that the State Intelligence Secretariat, which, according to the draft law, would be part of the National Security Council, presents several obvious constitutional violations and is designed as a supranational agency. It would simply restrict the rights of certain organizations and limit the people's freedom of expression. We do not think this is right.

There is also the issue of mixed civilian and military personnel. The military personnel would only become a new version of the so-called file [words indistinct]. We think this is very wrong, because it would maintain the military character of agencies that should serve the state. [end recording]

Minister on Congressional Approval of Fiscal Laws

PA2504025195 Guatemala City PRENSA LIBRE in Spanish 21 Apr 95 p 2

[FBIS Translated Text] Because fiscal revenues will be guaranteed, Congress' approval of fiscal laws will help restore the financial impact of the amparos decreed by

the Constitutionality Court and will pave the way for new economic measures, including the review of tariffs, Finance Minister Ana de Molina said yesterday.

The official refused to comment on the measure announced by the Chamber of Industry to convene a strike in the industrial sector, saying this situation should be resolved by the political court. She did say, however, a strike would negatively impact the country should it take place.

We understand that measures such as tariff unification have negative effects, but there are also positive effects involved, and the approval of fiscal laws was a political decision that resulted from the resolution adopted by the Constitutionality Court. This resolution has hindered the channeling of resources to meet the government's main commitments, she said.

She said that President De Leon Carpio has said this measure was a temporary and special one and that the path to a progressive reduction of tariffs, as sought by the Central American integration process, will be resumed shortly.

Congress will not issue a new fiscal reform, but improvements will be made on the drafting of laws, including the law on financial products, which reinstates a 10 percent deduction of the interest earned on securities and which has been in effect since 1992 but was suspended by the court, she said.

She said congressional approval of the laws and the government's restoration of confidence in the financial area will facilitate the adoption of such measures as the reduction of tariffs in the economic area.

She said that economic officials are working to achieve financial solutions and that generating opportunities to communicate was a positive step to prevent differences from deepening.

Honduras

Foreign Minister Resigns 'for Personal Reasons'

PA2404220195 Panama City ACAN in Spanish 2054 24 Apr 95

[FBIS Translated Text] Tegucigalpa, 24 Apr (ACAN-EFE)—Honduran President Carlos Roberto Reina announced today, Monday [24 April], that Foreign Minister Ernesto Paz Aguilar had resigned "for personal reasons."

Reina gave no details as to why Paz Aguilar resigned but recalled that at the end of 1994, the foreign minister's sister was involved in the trafficking of official passports and is now in a women's prison approximately 25 km north of Tegucigalpa.

Reina said the minister "feels very bad" about the situation involving his sister, Maria de los Angeles Paz,

and that upon his return from a trip abroad he will formally present his resignation.

The president did not say who will replace Paz Aguilar but did say "there will be a new foreign minister" who will assume the post in May.

The names of some diplomats serving abroad and of some officials working in Tegucigalpa are being unofficially mentioned.

Reina said: "There are many candidates. At a suitable time I will announce the name of the new foreign minister." Reina reiterated his "trust" in Paz Aguilar and noted that if he were to accept another position in the government, we would give it to him."

Unofficial sources said today that Paz Aguilar could be appointed Honduras' ambassador to Japan. In March, a source close to Reina told ACAN-EFE that the new foreign minister will be Delmer Urizo Panting, current economy minister, who called such predictions "complimentary speculation."

Nicaragua

Deputy Minister on Request Against Envoy to Colombia

PA2104035295 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 20 Apr 95

[Report by Claudia Sarria from the "National News-cast"—passages within quotation marks recorded]

[FBIS Translated Text] The request to declare Ernesto Salmeron, Nicaraguan ambassador to Colombia, persona non grata does not have any juridical effect, Nicaraguan Deputy Foreign Minister Jose Bernard Pallais has said.

The request by a Colombian sector to declare Ernesto Salmeron, Nicaraguan ambassador to that country, persona non grata was prompted by his statements regarding the Esguerra-Meneses-Barcenas Border Treaty, which granted Colombia sovereignty over San Andres Island and nearby cays:

[Pallais] "That is an internal political affair of Colombia and does not have any juridical effect. Foreign relations, according to the constitutions of all Latin American countries, particularly Colombia and Nicaragua, are governed by the executive branch. The Colombian Foreign Ministry has not issued any resolution to the effect, a point which was reported to us later.

[Rodrigo Pardo, Colombian foreign minister] "We are going to increase our military presence. Strict patrols over our jurisdictional waters are in effect, but we have no dispute pending from the international standpoint.

"Colombia's claims are clear. There is a treaty in effect. There is a treaty that cannot be modified. There is a treaty that meets all formalities in accordance with

international law; therefore, that is not an issue of dialogue with any other country."

That treaty was declared void in 1980:

[Pallais] "This is an existing law of the country. We have stated many times that this law is an existing one that was signed by President Chamorro, who was then a member of the government junta. This is part of the foreign policy governed by the Nicaraguan Foreign Ministry."

Nicaragua maintains a policy of constantly improving ties with Colombia:

[Pallais] "These communications continue at all levels. Foreign Minister Leal, who will be in New Delhi, coincidentally, with Colombian Foreign Minister Pardo, will take this opportunity to continue these discussions as they will do when they meet again, coincidentally, in Bandung, Indonesia, in the next few days. They had agreed on this meeting since making contact via telephone when the boat seizure took place."

Group of Friends Halts Mediation in Reform Dispute

PA2504023495 Managua BARRICADA in Spanish 22 Apr 95 p 2

[Report by Xavier Rayo and Carlos Garcia Castillo]

[FBIS Translated Text] The ambassadors of the Group of Friends of Nicaragua have officially reported to legislative and executive representatives that they have decided to withdraw from the talks at the United Nations to settle a disagreement between these two government branches.

The ambassadors of Spain, Mexico, Canada, the Netherlands, and Sweden had offered their good offices as mediators in informal talks to settle a disagreement between the branches resulting from the publication of constitutional reforms. It was reported yesterday that the ambassadors had said the effort had been fruitless and that the images of their respective countries were being adversely affected by the conflict which they were mediating. A legislative source told BARRICADA that the ambassadors of the Group of Friends of Nicaragua said their mediation was being misinterpreted by the local public as intervention, which is why they decided to step out of the political scene.

In addition, the probability that Cardinal Miguel Obando y Bravo will mediate in the disagreement if the branch leaders formally request it has increased. The Sandinist National Liberation Front, through Commander Bayardo Arce, early in the week requested the Cardinal's mediation as necessary to untangle the disagreement.

The five new magistrates elected in the context of the reforms were reportedly to be sworn in one week ago. By the end of the week, however, only one of them, Julio

Ramon Garcia Vilchez, had picked up his credential. Garcia Vilchez, still acting as chief legal adviser for the legislative branch, had been telling reporters all week that "the five magistrates would be sworn in" at the Supreme Court of Justice [CSJ] the next day.

Kenneth Henriquez, another magistrate, arrived to pick up his credential on the day the document reportedly was to be ready. When he was told that the credential had not even been prepared, he left and has not been seen since at the CSJ.

A group of people with placards demanding a CSJ resolution went to the CSJ yesterday in hopes that the new magistrates would solve their problem. The demonstrators were humble people who two years ago had won a prize worth several thousand cordobas during a Coca Cola promotion, but the company refused to pay, saying the winning number was a different one.

Panama

Team To Discuss 'Tough' Agricultural Plan With U.S.

PA2104200995 Panama City *EL PANAMA AMERICA* in Spanish 21 Apr 95 p 3A

[Article by Carlos Vargas]

[FBIS Translated Text] Panama is currently negotiating with the United States a "tough" proposal regarding the agricultural sector as part of its efforts to join the World Trade Organization [WTO], Commerce and Industries Minister Nitzia de Villareal announced yesterday.

The minister said that the proposal that the Panamanian delegation will take to Washington, of which she revealed no details, "is very tough," because we will discuss products of the agricultural sector, which is among the most important within the negotiations to join the WTO.

The Panamanian and U.S. delegations will hold new talks today and tomorrow to reach a final agreement on the regulation of products in order to join the WTO.

"Panama closed negotiations on the service sector with the United States and we also hope to close these on the agricultural sector," Engineer Villareal noted.

As for the proposal on the agricultural sector, the minister said that Panama will present a counterproposal that was consulted with the Agricultural Development Ministry and agricultural groups.

The minister pointed out that the initial U.S. proposal adversely affected the agricultural sector, and thus, jeopardized a sector that generates thousands of jobs.

The official stated that the Panamanian negotiating team will hold meetings in Geneva to "close" negotiations with Canada, Norway, and Switzerland on the goods and services sector.

She added that there are very good possibilities of closing such negotiations.

Editorial Notes Other Resources Besides Canal

PA2504043595 Panama City *LA ESTRELLA DE PANAMA* in Spanish 22 Apr 95 p A-4

[Editorial: "Panama: A Country Laden With Resources"]

[FBIS Translated Text] As the end of the presence of the U.S. bases in the Republic of Panama draws near, there are concerns about sliding into another nation of approximately 300 million balboas that flow annually and directly into the country as a result of the many activities carried out at the area located along the banks of the Canal.

The bases will close in less than five years, and in an evident race toward the financial salvation of these revenues, ideas have been submitted, the advocates of which believe they will generate the benefits Panama indirectly receives from the bases.

All ideas of financial generation hinge upon the Canal area, which is a sector the Regional Interoceanic Authority (ARI) will manage in due time. While we concentrate our illusions on the infrastructures that will remain once the U.S. soldiers leave, however, we are neglecting other sectors of the country that are also valuable.

We believe it is wise to note that those issues concerning the Panama Canal and its adjacent land involve all Panamanians, but we believe it is unhealthy to believe the development of a nation laden with so many resources is concentrated in only a small portion of its territory.

The Canal is not our only financial resource, and although it is one of the most important resources, planners must not put aside other areas that, if organized, could generate revenues so that economic prosperity will reign and that each one of us, in adequate proportion, will enjoy the benefits emanating from the use of the nation's assets.

Panama is not only the Canal. Our country has other resources that make it an ideal investment center. Its banking sector and free zone are dynamic. Its poorly tapped tourist wealth hopes the audacious actions of a visionary will lead it to progress. The fertility of its land, which is suitable for agriculture, hopes the plough will make the feeding spike sprout, and the coastal residents long for organized maritime activities to harvest the seas.

If the agreements on the Panama Canal will make land revert to Panama, the entire population's expectations for better days cannot be concentrated only on a portion of the territory when there is a myriad of revenue

creating activities that could be carried out to make this country a respectable trade emporium.

In light of the diversified ideas stemming from creative groups analyzing forms in which to develop the country, it is peremptory that both the private sector, which has the know-how, the capital, and the desire to move forward, and the government develop, through common criteria, a joint plan to rid the nation of the many

problems existing in the countryside and the coasts, problems that are prompting a disorganized migration flow toward the capital.

It is urgent to revive development areas, to create jobs in the countryside, to halt migration to the capital, to offer opportunities to idle people, and to dispense with the wrongful concept that the country's entire progress lies in the Canal.

Argentina

Jewish Leader on Neo-Nazi Involvement in Oklahoma Bombing

PY2404190695 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1816 GMT 22 Apr 95

[FBIS Translated Text] 22 Apr (NA)—DAIA [Delegation of Argentine-Jewish Associations] President Ruben Beraja has said that if a Neo-Nazi group really perpetrated the Oklahoma City bombing, "it would require very serious study."

Beraja emphasized that Neo-Nazis "continue to maintain groups to carry out acts of overt violence, not just acts routinely carried out in Europe which are read by the people as if they were police reports."

The Jewish leader told NOTICIAS ARGENTINAS news agency: "Neo-Nazis are very dangerous. They are the heirs to that culture of hatred and destruction that was the Nazi regime earlier this century."

The DAIA president emphasized: "Governments must understand and react to the fact that fanatic groups sustained by hatred, disdain for other people, and intolerance, can quickly become very serious threats to national security."

Beraja emphasized that the Oklahoma bombing "revives concern over the phenomena of super-terrorism."

The DAIA president said: "These terrorist acts are worse than those of the 1980's because they are acts of mass destruction which do not consider consequences or other effects but seek merely to destroy morale."

The DAIA president added: "Attacking these very sensitive targets shows such indifference for human life that it make us believe we are confronting monsters."

"Initially establishing who might be responsible" for the Oklahoma City bombing "within such a short period of time is very encouraging," Beraja emphasized this morning. He added: "It is necessary to take a prudent attitude on this issue."

Beraja noted: "During the initial phases of an investigation, clues which subsequently remain unconfirmed are followed up."

The DAIA president downplayed the importance of remarks by an Argentine taxi driver who said he saw the FBI Identikit which was published in U.S. newspapers and which looks like a passenger he took to the AMIA [Argentine-Israeli Mutual Association] headquarters two days before it was bombed.

The taxi driver had said: "I have seen the FBI picture of the Oklahoma bombing suspects. I immediately remembered that face. He was one of them. He was the guy in my taxi on the evening of 16 July 1994, just before the AMIA bombing."

Beraja said he did not have any information on this issue, but expressed surprise over it.

The DAIA president noted: "Sometimes time plays dirty tricks on us." He indicated: "That taxi driver mentioned that his passengers spoke a language that sounded like German to him."

The DAIA president noted: "Even for those who have no command of languages, English can be easily distinguished from German."

Nevertheless, the DAIA president pointed out: "We must await more information on this issue."

Concerning the AMIA bombing investigations, Beraja said that thus far "significant developments have not been reported."

The DAIA president added: "Judge (Juan Jose) Galeano continues to work. Now he has more time because one month ago the court spared him from the new monthly schedules, which will allow him to handle this issue with more firmness and security."

Editorial Views New Methods of Terrorism

PY2404182595 Buenos Aires CLARIN in Spanish 21 Apr 95 p 12

[Editorial: "A New Terror"]

[FBIS Translated Text] The Oklahoma massacre, the unsuccessful attack against [Spanish Popular Party leader] Jose Maria Aznar, another attack with poisonous gas on a Japanese train ... In just a single day, the media confronted the entire world with a dramatic condensation of terrorist practices that may mark a historic period and open gloomy prospects for the future.

These episodes are part of a series that began some time ago and tend to become worse. They were immediately followed by other minor episodes that give no respite. Amid the fanaticism and irrationality behind these episodes, there is an irredeemable profile of cruelty without any direct targets—that is, the conscious and deliberate killing an unspecified group of people.

While we are still mindfull by the explosion that destroyed the AMIA [Argentine-Israeli Mutual Association] headquarters—just one year after the Israeli Embassy was bombed—it is completely understandable that we are especially affected by attacks that kill groups of people for their ethnic stock, nationality, and religious beliefs, for being permanently or circumstantially close to an alleged enemy target, or, even more repugnant, for their abstract condition of victims needed to prove a terrorist group's power or fighting spirit. This is especially true bearing in mind our long-standing integrationist and anti-discriminatory tradition.

Now, as the dreadful specter of new indiscriminate terrorism looms up over our planet, it is necessary to return to historic sources to recapture the goals and

energy required to meet this tough challenge. The political violence that shook the world during the cold war decades, to which we also paid a painful tribute, continues to affect various regions. It has now lost its strength of ideological content and its connection with the large strategic designs of world powers.

These losses emphasize the most cruel and irrational aspects of political violence. Concurrent with this political violence comes the most indefinite and terrible violence that follows the growth of new specific and pseudo-religious extremists. Unexpected risk situations may arise from the combination of these two types of violence. Their irrational proposals and their detachment from large economic and political interests do not foreshadow revolutionary results or quick collapses of the states attacked, but fanatical and resolute groups, equipped with current technological resources, may become a chronic malady, unrelentingly spreading throughout modern societies, eroding their consistency.

How was this point reached? It is as imperative to consistently respond to this question and act accordingly to recover and renew the great civilized principles violated as it is to take security and protection measures, with all their worrisome—but necessary—presence in large cities in the world, even in our country. This result already has been achieved by the terrorists at the cost of innocent lives.

Love for our brethren, fraternity, the right to freely and harmoniously pursue happiness, and other values, which have under various names enlightened our civilization, will be decisive in making them lose ground, thus refuting, in our daily practice of coexistence, the pseudo-values of fanatics.

Di Tella: Patents Bill Explanations Understood in U.S.

PY2504033195 Buenos Aires TELAM in Spanish 2331 GMT 24 Apr 95

[FBIS Translated Text] New York, 24 Apr (TELAM-SNI)—Argentina's Foreign Minister Guido Di Tella said today in New York that the United States received explanations and understood everything with respect to the Patents Bill, adding that he received expressions of trust regarding the country's economy.

Di Tella held a meeting with journalists after speaking at the conference on the extension and revision of the Nuclear Nonproliferation Treaty (NPT). The foreign minister said that after his meetings in Washington, "there is no possibility that Argentina will be included in a list of countries under observation."

Di Tella said that during his three days of talks with U.S. Trade Representative Mickey Kantor and other high-level officials last week, he heard only favorable reactions, which Washington will probably disseminate on 29 April.

"The Patents Bill we approved is the law we wanted to have, and it is based on the concept that Argentina has left the period when it could only copy technology to enter a period in which, based on its human and technical capability, it can develop its own technology," Di Tella said.

The foreign minister added that for this to be possible, "we need patents protection, and that is what we approved. We have protection norms and a challenge to develop technology to progress."

Innovators will have the capacity to innovate. We all believe that we have a solid base for that," Di Tella said with insistence. [no opening quotation mark as received]

IMF Deputy Director Stanley Fisher told Di Tella that the image of Argentina in international credit organizations is one of a country that had a problem because of the so-called "tequila effect" and reacted energetically, taking drastic measures in the midst of an electoral process, the Argentine foreign minister said.

Di Tella said respect for President Carlos Menem and Economy Minister Domingo Cavallo increased in the past few months because it was demonstrated that "we have the capacity to react, as Larry Summers, Treasury under secretary for international affairs, said, and these are important opinions."

Views 'Cost' of Patents Bill

PY2504000995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1813 GMT 22 Apr 95

[FBIS Translated Text] Buenos Aires, 22 Apr (NA)—Foreign Minister Guido Di Tella said in Washington D.C. on 22 April that had the executive branch promulgated the Patents Bill "as it was originally enacted by Congress, it would have cost it dearly from both an economic and political standpoint."

This notwithstanding, Di Tella made it clear that "it is obvious" that Argentina does not make its own decisions "on the basis of what the EU or the United States think." He, nonetheless, conceded that "some of the decisions we may take may have certain consequences."

Di Tella reported that in Washington he held meetings with U.S. Trade Representative Mickey Kantor, to whom he explained that the executive branch "had sent the bill back to Congress after having made some objections to it and without promulgating it. Hence, GATT's [Marrakech] Agreement is in force."

The foreign minister was of the opinion that in view of the complaints lodged by the United States and EU representatives, the bill passed by Congress "would have had a tremendous economic and political cost."

Di Tella pointed out: "It goes without saying that when coming to a decision, we are not guided by what the EU or the United States think. Still, we are well aware that

their opinion does carry weight because some of the decisions we may take may trigger certain consequences."

Nevertheless, he explained that "Argentines themselves are the ones who are the most interested in having a Patents Law in Argentina," adding that "this decision was not made just to indulge a whim on the part of the United States or the EU, or to avoid incurring their wrath."

Di Tella, speaking on the radio, said: "When we started combating inflation, there were those who claimed that we were doing it because the United States and the EC were pressuring Argentina to stabilize the economy. And yet we Argentines were the ones who wanted stability more than anybody else."

The foreign minister stated that there is a very strong current of opinion that wants Argentina to be on the leading edge of technology, but in order for this to occur, there must be a patents law, "as inventors would not be motivated to go to Argentina because they would not be able to patent their inventions."

Changing the subject, Di Tella acknowledged that U.S. Ambassador James Cheek's remarks about the Patents Bill—which prompted the Argentine Government to penalize him "with a yellow card"—had "upset" him.

"We fully understand that ambassadors should defend the interests of the countries they represent. This may be done with discretion, or by exerting undue pressure—it depends, because it is a question of nuances, but at a given moment, Cheek's remarks annoyed us and that was the reason for the yellow card. The issue is now closed," he noted.

Bolivia

Sanchez de Lozada Vows To Stay Firm on Reforms

PY2104173495 La Paz HOY in Spanish 10 Apr 95 p 2

[FBIS Translated Text] Just two days after warning that Bolivia could disappear if changes are not implemented, and amid an atmosphere of social unrest, President Gonzalo Sanchez de Lozada yesterday reaffirmed his decision to implement the reforms approved by Congress.

Sanchez de Lozada led a ceremony marking the 43d anniversary of the 1952 Revolution at Plaza Murillo. With the picture of assassinated president Gualberto Villarroel as a backdrop, he harshly refuted criticism by opposition parties, including Condepa [Conscience of the Fatherland] President Carlos Palenque, who even asked him to reflect on whether he should continue as president.

He harshly criticized the Bolivian Labor Federation [COB] and teacher union leaders over their opposition to the laws to transform Bolivia.

Addressing a crowd of MNR [Nationalist Revolutionary Movement] supporters who gathered at the Plaza de Armas, Sanchez de Lozada noted that MNR leaders are known for their strength "and for not letting themselves be intimidated by threats." He urged them to overcome the obstacles that must be surmounted as the ruling party.

Sanchez de Lozada paid tribute to several MNR personalities. He said: "We still have men like (Victor) Paz Estenssoro, (Hernan) Siles Zuazo, (Walter) Guevara, (Juan) Lechin, and many others. They are the kind of men who have had a profound influence on our history and we must remember them in difficult times and adopt dignifying positions" and "to not let ourselves be intimidated by threats."

The Bolivian president urged approximately 200 MNR members and supporters who attended the celebrations to mark the anniversary of the 1952 Revolution to mobilize, to put meanness behind, and to ensure that they are not overwhelmed by criticism or adversity.

Sanchez de Lozada said that only in this way they will be able to celebrate "many more anniversaries of the 1952 Revolution with significant achievements like having stopped hyperinflation, saved the fatherland, and implemented sweeping reforms."

Perhaps imbued with the mood of the Holy Week celebration, Sanchez de Lozada quoted prophet Isaiah by saying: "Because I overlook insults, I stand solid as a rock and I will not be disappointed."

Sanchez de Lozada added: "Some people, who have never won an election, dare to ask for a shortening of the (government) term." He thus referred to remarks by Condepa leader Carlos Palenque and by other leaders of small parties.

The president also referred to other parties that handled the administration in the past. He said: "Some people have criticized us and have given advice, forgetting that they were also handled the administration for a four year period and are now voicing concern because the ruling party wants to get something done, because it wants to change Bolivia, because it does not want it to become stagnated."

Sanchez de Lozada justified the reforms promoted by his government. He said these reforms are driven by the same spirit with which the 1952 Revolution was imbued.

He said the 1953 agrarian reform did not transfer political or economic power to the peasants, as the Popular Participation Law is doing because this law makes it possible to return money to the people after 500 years.

Sanchez de Lozada also defended each member of the pro-government bloc in Congress and denied charges by the opposition that they are just "opportunists."

He said most deputies and senators are working to take the revolution to the provinces because most of them come from formerly forgotten, remote places.

Sanchez de Lozada emphasized the fact that Vice President Victor Hugo Cardenas is an Aymara Indian. He considered this to be historic because for the first time in 500 years an Aymara is holding this office.

Rules Out Coup d'Etat by Armed Forces

PY2504023795 Madrid EFE in Spanish 1741 GMT 23 Apr 95

[FBIS Translated Text] Bolivian President Gonzalo Sanchez de Lozada has flatly ruled out the possibility of a coup d'etat in the wake of the social unrest in his country. He also denied the idea that Bolivian institutions are experiencing a critical situation.

In remarks released today in Santiago, Sanchez de Lozada reaffirmed his decision to continue with the structural reforms and modernization plan that have been promoted by his government since he assumed office on 6 August 1993.

In an interview with the newspaper EL MERCURIO, he stated that "it would be absolutely impossible" for the Armed Forces to carry out a coup d'etat because he is convinced that they are advocating the democratic process.

He noted that since 1982, the Armed Forces have been the institutions most firmly supportive of the democratic consolidation process in Bolivia. Consequently, there is no reason to fear that they will change their position.

Concerning the state of siege his government has implemented since 18 April, Sanchez de Lozada said that "this is a measure contemplated in the Constitution" to preserve public order, and that it must be observed as an instrument to restore peace and tranquillity.

He added that since tranquillity has returned, his government is now dedicated to finding a solution to the conflict with teachers, coca growers, and departmental civic committees.

Sanchez de Lozada also rejected the criticisms made of his government to the effect that the implementation of the state of siege shows he has been unable to find a solution to social demands through the normal channels.

He said that all democratic governments have resorted to this measure since the reestablishment of democracy in 1982.

He pointed out that the changes his administration is implementing "are irreversible," because "it is something Bolivian society is demanding."

He said that the current Bolivian situation will in no way affect relations with Chile.

Justifies State of Siege Before Military

PY2504005595 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 24 Apr 95

[FBIS Translated Text] President Gonzalo Sanchez de Lozada said today that the structural reforms will not be stopped, whether there is social unrest or not.

President Sanchez de Lozada justified today before the Armed Forces the enforcement of the state of siege and hinted that he now has the road cleared to implement his government plan. He took this opportunity to seek the support of the Armed Forces, which were invited to become the basis for guaranteeing the fulfillment of his program.

This is part of Sanchez de Lozada's speech during the ceremony celebrating the 32d anniversary of the Bolivian Navy:

[Begin Sanchez de Lozada recording] That measure had to be taken to recover the state of law and to protect the interests of all against the abuse of some who wanted to create a state of internal commotion. This state of commotion was creating a bad image and was jeopardizing the stability of the Republic. The reform process for changing our society will not be stopped. As a marvelous example for our history, we made the decision to take three steps, and those steps are: education, popular participation, and capitalization. [end recording]

Opposition Urges Government To Lift State of Siege

PY2104115995 Madrid EFE in Spanish 0157 GMT 21 Apr 95

[FBIS Translated Text] La Paz, 20 Apr (EFE)—All the Bolivian opposition parties today agreed to ask the government to lift the state of siege, liberate detained and confined labor leaders, and resume dialogue with the Bolivian Labor Federation (COB).

They expressed their rejection of these exceptional measures during a congressional debate to ratify the decree through which the government imposed the state of siege on 18 April.

The ruling coalition has absolute majority in Congress and the session only served to hear the opinion of the opposition.

Senators and deputies of Conscience of the Fatherland (Condepa), the Movement of the Revolutionary Left (MIR), and the Leftist Revolutionary Front (FRI) urges their colleagues to annul the decree that imposes the exceptional measure.

Condepa Deputy Gonzalo Ruiz Paz said the government, beside violating the Constitution before and after issuing the decree, is guilty of "moral violence" against relatives of those labor leaders who were arrested and confined.

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Ruiz Paz proposed lifting the state of siege, liberating those arrested, and "resuming the dialogue because this pyrrhic victory does not address the reasons behind people's dissatisfaction."

MIR Deputy Luis Vasquez said the suspension of constitutional rights was implemented illegally and, therefore, Congress should acknowledge it as illegal.

The Bolivian Government arrested all main COB leaders on 18 April—among them COB Secretary General Oscar Salas and coca growers leader Evo Morales—several hours before imposing the state of siege.

About 300 labor leaders are currently confined in different military installations in areas far from cities.

The government decreed the state of siege in order to end the strikes, violent demonstrations, and regional unrest that have disturbed the life of the country during the past few weeks.

Morales Reports Attempt To Involve Him in Subversive Activities

PY2104143295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 21 Apr 95

[FBIS Translated Text] From his cell, Evo Morales has ordered a suspension of the eradication of coca plantations.

Evo Morales—the leader of the five coca grower federations in the Cochabamba tropical region—from his Technical Judicial Police [PTJ] cell, has ordered coca growers to suspend the eradication of coca plantations. He said the best way to oppose the state of siege is by refusing to uproot a single coca plant. He upheld the implementation of a road block as of Monday, 24 April. This decision was reached during a nationwide meeting by the peasants.

Morales, referring to his detention, said the Andean Council of Coca Producers was holding its fifth session in Copacabana, with the participation of Peruvian and Colombian representatives as well as advisers of the three Andean member countries. He said the main purpose of this event was to prepare the Third Andean Meeting of Coca Growers and decide how to promote the 1995 coca farming campaign at an international level.

The coca leader explained that at 1630 on Tuesday, 18 April, they were surrounded by Mancopac city hall, police, navy, and armed civilian agents. He said they were victims of a psychological war and harassment. In the evening they were transported to Tiquina, where they spend the night under military custody and on Wednesday they were taken to the PTJ headquarters in La Paz and placed on incommunicado status and not given any food.

Morales said: We want to denounce that during the interrogations we were forced to say things that have

nothing to do with reality. They talked about weapons, seemingly in an attempt to involve me in subversive activities.

He said that neither his attorney nor a public defender were present while he was being interrogated.

Calm Returns to Chapare After Violent Clashes

PY2404151795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Apr 95

[FBIS Translated Text] Special Antinarcotics Force sources have reported from Chimore that calm has returned to the tropical Chapare region following the violent confrontations early on the morning of Saturday 22 April. These sources reported that special patrol activities have been carried out over the past 24 hours throughout the region without any confrontation or without finding any coca crops self-defense pickets.

Of the 101 people arrested on Saturday and banished to the Chimore garrison, 11 have been set free. Calm has returned to the zone following the withdrawal of the military surveyors who together with antidrug police agents tried last Friday, 21 April, to measure new coca plantations. It was reported that the surveyors returned to Cochabamba on Saturday following the violent confrontations in which at least three policemen were injured. They were taken to Cochabamba for treatment.

Chimore garrison sources have reported that there are no injured peasants there; adding that if some were injured, it is not known where they are being treated.

4 of 6 Press Workers Arrested by Government Freed

PY2404153495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Apr 95

[FBIS Translated Excerpt] Four of the six press workers banished to Colchak Border Garrison in Potosi were released yesterday after being returned to La Paz. They are: Radio Metropolitana reporter Gregorio Beltran; Oruro Radio San Jose reporter Maria Teresa Aramayo; and reporters Jimena Lazcano and Malena Flores of the weekly PUEBLO.

Leaders of the La Paz Federation of Bolivian Press Workers have reported that they are negotiating the release of Gabriel Vilcaez, of Huanuni Radio Nacional, also banished to Colchak, as well as the following La Paz Radio Chaca workers: Ernesto Huanca, banished to Colchak; and Filiberto Huachalla, banished to Puerto Rico.

Other press workers arrested and banished by the government are: Siglo Veinte reporter Hilarion Perez, and Siglo Veinte cameraman Alberto Lopez Coca, both of whom were banished to Apolo.

The situation of Potosi reporter Max Peraude is also under analysis; he is missing. [passage omitted]

Human Rights Organization: 26 Missing After Arrests*PY2404164495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Apr 95*

[FBIS Translated Text] The Bolivian Permanent Human Rights Assembly [APDHB] has said that 26 people are missing, according to reports by relatives. It adds that the forceful disappearance of people is classified as a crime against mankind.

The APDHB and the Association of Relatives of Missing Detainees have reported that relatives said the missing people were arrested but are not included on the published lists. For this reason, they are classified as missing.

The APDHB recalls that Bolivia recently signed and ratified the Inter-American Convention on the Forceful Disappearance of people, and that government officials must explain the situation.

The list of those missing people released by the APDHB is as follows:

The workers and teachers of Huanuni who were at the German Busch school, who were arrested, but who are not on the list: Octavio Morales Mamani, Sandra Villamonte Guevara, Nicolas Acallapa Rodriguez, Victor Perez Mendoza, Victor Ezequiel Vallejos Coca, Pedro Quispe Isorumi, Felix Sancasi Peredo, Jorge Cama Chacolla, Wilfredo Martinez, Rene Duran Pardo, Fulgencio Yanque Colque, and Francisca Roque.

The workers and teachers of Colqui who were at the German Busch school, who were also arrested, but are not on the list: Jorge Solis Batista, Adesbordo Aquino, Victor Hugo Ramos Martinez, Juan Ramos Gallapa, and David Contreras Choque Calla; also National Siglo Veinte University students: Adolfo Callisaya Poma, Rene Gutierrez, Juan Guarachi, Maria Cespedes, Ana Maria Cascia, and Justina Gutierrez.

Other cases have also been reported: David Mamani Mamani, 80, who is a member of the settlers group arrested during the COB general meeting; Nicolas Callisaya, a Greater San Andres University worker who was arrested on 21 April in La Paz; and Carlos Freddi Fernandez Negrete, a peasant leader arrested in Sipesipe, Cochabamba.

COB Urges Church To Seek Dialogue With Government*PY2504030995 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 24 Apr 95*

[FBIS Translated Text] The Bolivian Labor Federation [COB] sent a letter in the last few hours to Msgr Edmundo Abasto Flor, president of the Bolivian Episcopal Conference. The letter says:

The COB would like to address the Episcopal Conference to convey its concern over the health condition of the union leaders who were banished to unhealthy areas

in contradiction of Article 111 of the Constitution. The government continues to systematically violate basic human rights by raiding houses, and arresting our union leaders.

In another paragraph, the letter says: As everyone knows, our union has shown its willingness to find solutions to the country's social problems within the framework sponsored by the Catholic Church. Even though the government attitude is contrary to it, the COB reiterates its predisposition to continue to seek solutions to the social problems, therefore, we would like to request that the Catholic Church call on the two parties to begin dialogue in search for positive answers to the proposals made in order to pacify the country.

The letter adds: We demand, through the church, as an essential condition that the government, as a first step, release all the detained and stop harassing and persecuting union leaders.

Hoping to receive a positive and prompt reply in accordance with the social sensitivity of the Catholic Church relative to the workers and the Bolivian people, we convey our best regards.

The letter is signed by the following COB leaders: Secretary General Juan Chavez, Organization Secretary Vladimir Terceros, Social Assistance Secretary Israel Veizaga, and Permanent Secretary Alberto Vilar.

Military Unit To Stay in Chapare 'Until Late This Year'*PY2504005295 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 24 Apr 95*

[FBIS Translated Text] The military force will be in Chapare until late this year. Armed Forces Commander General Reynaldo Caceres said today that more than 80 members of the Military Geographic Institute are deployed in the tropical region of Cochabamba Department to carry out the task of registering property.

General Caceres denied that he has information on the latest events in the Chapare, where dozens of peasants were detained and several were wounded as a result of clashes. In addition to registering property, it was reported that the military unit would also intervene in clearing the roads to be blockaded by the peasant unions today.

[Begin recording] [Caceres] We have no concrete information on that report. I am waiting for more exact information.

[Unidentified reporter] Have there been any road blockades?

[Caceres] I have no information. I believe an attempt was made to close a road in Huarina, but the peasants were dispersed.

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[Reporter] Are the Armed Forces intervening in clearing roads?

[Caceres] The Armed Forces do not intervene. The Armed Forces fulfill their mission, and their mission is to keep all roads opened.

[Reporter] It was reported that in the latest event in the Chapare, some peasants received bullet wounds.

[Caceres] As I said, I am expecting complete information today, and once I receive it, it will be disclosed, however, the Armed Forces are not intervening. [end recording]

5 Officers Die in Plane Crash Near Apolo

PY2404162895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Apr 95

[FBIS Translated Excerpt] Today, Army and Air Force patrols will take to La Paz the remains of the five victims of the Air Force plane crash on Friday, 21 April, near Apolo.

The Army Public Relations Department reported that the five crew members of the aircraft all died. Their bodies will be taken today to the Murillo Military Square History Academy for the wake.

The Army Public Relations Department has reported that patrols at the scene said they found no survivors of the Casa EB-50 [as heard], which belongs to the Army.

Sources reported that no one could have survived because the plane hit a mountain at high speed and was totally destroyed. Nevertheless, patrols sent there took medical assistance just in case.

The sources explained that the site is very rough and has very difficult access. The patrols had to walk 30 km to reach the site. Helicopter support was reportedly impossible due to fog and heavy rain on 23 April.

The crew of the plane, which was purchased from Spain, was as follows: Air Force Captain Edgar Peralta de la Vega; Air Force Captain Armando Iriarte; Air Force Lieutenant Antonio Pardo Marina; Noncommissioned Officer mechanic Humberto Mendes Vazquez; and Noncommissioned Officer mechanic Rene Flores Baraona.

The aircraft was carrying provisions to the Infantry Battalion headquartered in Apolo, which since Wednesday, 19 April, has become the banishment site for union leaders. The report adds that it was carrying provisions for the second quarter of the year. [passage omitted]

The possibility that the plane was also carrying some union leaders arrested by the government has been ruled out.

Brazil

Cardoso: Visit to U.S. 'Short But Fruitful'

PY2504014595 Sao Paulo AGENCIA ESTADO in Portuguese 1722 GMT 22 Apr 95

[Report by Odail Figueiredo]

[FBIS Translated Text] Washington, 22 Apr (AE)—President Fernando Henrique Cardoso today concluded his five-day visit to the United States convinced that from now on Brazil will begin "a more complex relationship" with the United States. When making his official evaluation of the visit, Cardoso said that he established a direct relationship with U.S. President Bill Clinton and the U.S. Government. "It was a short but fruitful trip," Cardoso said.

During his conversations with Clinton, Cardoso obtained support for the Brazilian proposal with regard to supplying international financial institutions, like the IMF or the International Bank of Settlements (BIS), with mechanisms to control the action and movement of speculative capital in the international market. Cardoso also presented to Clinton the Brazilian proposal to expand the UN Security Council to include countries like Brazil. "I found great understanding on the part of the U.S. Government concerning this subject," he said.

As result of his visit, Brazil and the United States will also begin negotiations to define a cooperation agreement in the nuclear field. Cardoso said that even though Brazil has not signed the Nuclear Nonproliferation Treaty (NPT), the country has credentials to receive U.S. nuclear technology given that it has provided enough guarantees of its peaceful position and opposition to the dissemination of atomic bombs. "Even the Brazilian Constitution prohibits the development of nuclear weapons," Cardoso said.

The new stage of relations with the United States will be developed within an international context marked by the end of the Cold War, Cardoso said. "The ideological polarization that paralyzed the actions of countries no longer exists," he added. For Cardoso, the priority subject on the new agenda of international problems is combating poverty. "Social issues must prevail in this new scenario," he said.

The problem with the equipment supply contract for the Sivam [Amazon Region Surveillance System] project was not mentioned during the conversations with U.S. officials, Cardoso reported. The signing of the \$1.4 billion contract won by the U.S. company Raytheon was suspended after ESCA [Automation and Control Systems Engineering]—the Brazilian firm associated with the project—was accused of defrauding social security contribution receipts.

The president once again reasserted his trust in the approval of the Patents Bill by the Senate. The approval of the bill, which has already been approved by the Chamber of Deputies, is an old U.S. demand, but Cardoso pointed out that intellectual property rights are also of interest to Brazil. "The law cannot be regarded as an imposition, but as something good, first of all, for us," he said.

Denies Speculation About Cabinet Changes*PY2504012795 Sao Paulo AGENCIA ESTADO in Portuguese 1723 GMT 22 Apr 95*

[Report by Odail Figuciredo]

[FBIS Translated Text] Washington, 22 Apr (AE)—President Fernando Henrique Cardoso today denied speculation about an alleged cabinet reshuffle as consequence of the criticisms made early last week by Communications Minister Sergio Motta to other cabinet members. "People have very fertile imaginations, and often they even imagine what I could be thinking," he said, ironically. He also denied that the government is preparing a new package of measures to restrict consumption.

"In Brazil, we live as if it were always the day before Christmas: Wrapping up packages," he said jokingly. The president, nonetheless, pointed out that whenever necessary, the economic team will adopt whatever measures it deems appropriate, but without acting by surprise or launching a "package." When making an assessment of his five-day visit to the United States, which concluded today, the president said he is returning to Brazil further convinced of the need to approve the constitutional amendments sent by the executive branch to Congress.

Cardoso considers the long discussions in the legislative branch with regard to the constitutional reform as normal. He said that deputies and senators must be appropriately informed about the government decisions, and that the last elections have brought nearly 300 new congressmen to Brasilia. "I am not speaking about imposing anything. Either the congressmen agree or they do not, and nothing else can be done. In such a case, it is not worth doing anything," Cardoso said.

In a brief gesture of self-criticism, the president said that "perhaps the government has sent too many reforms to Congress, which naturally has some difficulty in absorbing everything." Soon after, he once again denied the possibility of withdrawing the social security reform proposal from Congress to facilitate the approval of the amendments on economic subjects.

"Why should I withdraw it? To allow or make room for their proposal? Cardoso posed this query after recalling that recently he held a two-hour conversation with Sole Workers Center (CUT) President Vicente Paulo da Silva about the social security reform. "They do not have a project" of their own, he said. For the president, if the social security system is not reformed by this administration, it will have to be reformed by the next one, whatever it may be, because the system cannot maintain itself at a rhythm whereby the number of pensioners increases faster than that of contributors.

The tolerance demonstrated by President Cardoso regarding the congressional discussions did not prevent him from harshly criticizing those who oppose the

reforms proposed by the government. "Often, by opposing the government they end up by harming the country," he said, expressing regret. "Those who oppose the reforms are working against the real and the benefits the people will receive with the changes," the president said. "They will remain stigmatized," Cardoso said.

More on U.S. Trip, Cabinet Changes*PY2404151595 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 24 Apr 95*

[Report by Luiz Augusto Mendonca in Brasilia—recorded]

[FBIS Translated Text] President Fernando Henrique Cardoso returned from the United States on 22 April evening and spent 23 April resting in Alvorada Palace. Many tourists waited outside the Palace in case he came out to speak to reporters, but he remained inside.

Late in the afternoon, President Cardoso received Vice President Marco Maciel who reported on what happened while he temporarily assumed the presidency.

Maciel later reported that President Cardoso is very satisfied with the results of his trip to the United States and with the VIP treatment he received from U.S. President Bill Clinton.

Maciel added that as for domestic affairs, President Cardoso is quite satisfied with the progress attained in Congress, where the constitutional reforms are gaining strength. Maciel concluded by denying the existence of a ministerial crisis or that the cabinet would be reshuffled.

Commentary: Law, Justice Remedies Against 'Terrorism'*PY2404224695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Apr 95 p A3*

[From the "Notes and Informations" page: "The Oklahoma Tragedy"]

[FBIS Translated Text] For decades, U.S. strategists have ruled out the possibility of terrorist attacks in the mainland United States because of rigorous measures at access ports and the reasonable efficiency of intelligence services, which kept watch on the most daring terrorist groups. There was also an unwritten rule that was nevertheless valid for the terrorist groups financed by states interested in some type of subversion, a rule that safeguarded the territory of some countries. This is no longer valid. The famous "terror central" which so many experts have reported, if it ever existed, can no longer control its arms. The proliferation of fanatic religious or racist groups, or groups linked with organized crime, has ended the political organizations' monopoly of terror. The danger is now within. Consequently, the initial suspicions with regard to the bombing in Oklahoma—which is located well within U.S. territory—pointed to the Branch Davidian Sect. It was altogether justified.

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The attack occurred two years after the Waco tragedy, in which sect leader David Koresh and 70 other people, including children, died. The destroyed building in Oklahoma City housed the Bureau of Alcohol, Tobacco, and Firearms—which had filed a lawsuit against Koresh—and a nursery that was full of children. This was the ideal place for revenge.

Branch Davidian Sect members, however, have denied any responsibility for the attack. The fundamentalist organization that attempted to blow up the World Trade Center also claimed to have nothing to do with the action. Phone calls claiming responsibility for the attack are not credible, while the announced pressure methods should be regarded prudently until investigations produce conclusive evidence. Efforts should focus or concentrate on what is already known: The car-bomb was full of fertilizers and chemicals that are easily available for purchase. This is the factor that gives the Oklahoma bombing and the poisonous gas attacks in Japan a frighteningly abnormal magnitude. Strictly speaking, large-scale, indiscriminate killing no longer calls for a trained organization with foreign support. It is sufficient if a determined individual or an insane person—either in isolation or as part of a group—decides to carry out such an action. It would be easy for him to do what he wants. Cloak-and-dagger accomplices are no longer necessary. The deadly material can be purchased from the store at the street corner, while the production technology with regard to the explosives is described in "do-it-yourself" type magazines.

It is no longer possible to prevent attacks of this type. Yet it is possible to find the authors through scientific research. The World Trade Center case proves this. President Clinton has declared that all the means at the disposal of the U.S., as a superpower, will be concentrated on resolving the case. For her part, Attorney General Janet Reno has said she will seek the death penalty for the authors of the brutal attack. The rigor of the law and the swiftness of justice are the remedies of the civilized world against barbarianism and the savagery of terrorism.

Deputy Wants SAE To Explain Fund Allocation to ESCA

PY2404153195 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 21 Apr 95 p 4

[Article by Ricardo Miranda]

[FBIS Translated Text] Brasilia—Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] yesterday gave Strategic Affairs Secretary Ronaldo Sardenberg a list of questions on the percentage of financial participation of the ESCA [Automation and Control Systems Engineering] company—which was chosen without a bid—in the Sivam [Amazon Region Surveillance System] project.

Chinaglia, who accuses ESCA of defrauding the social security system, wants the SAE [Strategic Affairs Secretariat] to clarify the contradictions by ESCA President Steve Ortiz during statements to the Chamber of Deputies last 19 April.

Ortiz then said ESCA would receive 10 percent of the \$1.4 billion project, that is, \$140 million. A few minutes later he admitted that this figure could amount to \$250 million, including other items like additional equipment purchases. Chinaglia wants "a detailed list" of what was allocated to ESCA and the criteria used to grant the contracts.

Chinaglia's questions seek to establish the real role of ESCA. He asks: "Beside integrating, what other role could ESCA play in the project? A subcontractor? Will it attract resources?" He wants to know the meaning of the words "tied contract" [contrato vinculado] regarding the \$111.3 million that is meant for ESCA. Based on information the government gave the Senate, Chinaglia is suspicious of an \$80 million allocation for ESCA by Raytheon.

Defense Committee Chairman Favors Implementation of Sivam

PY2404165395 Sao Paulo AGENCIA ESTADO in
Portuguese 2051 GMT 23 Apr 95

[Report by Katia Brasil]

[FBIS Translated Text] Manaus, 23 Apr (AE)—Deputy Mauricio Campos, (PFL-MT) [Liberal Front Party-Mato Grosso], who is the chairman of the Chamber of Deputies National Defense Committee, said today he favors the immediate implementation of the Sivam [Amazon Region Surveillance System] project. The signature of the Sivam contract was postponed after the ESCA [Automation and Control Systems Engineering] company—which was chosen by the government to administer the \$1.4 billion project—was accused of defrauding the INSS [National Social Security Institute]. Campos said: "The government must resolve these difficulties and explain to Brazilian society what is happening. If the problem cannot be resolved, the government must seek another solution because the Sivam project is of Brazilian interest, not just of the Armed Forces alone."

With 10 other members of the National Defense Committee, Deputy Mauricio Campos visited the Amazon region for the past four days at the invitation of the Armed Forces. Today, they visited Sao Gabriel da Cachoeira, 1,600 km from Manaus, where they observed the first radar installations that will be incorporated to the Sivam project. Accompanied by Colonel Azevedo from the Strategic Affairs Secretariat [SAE], General Ramos from the Army Staff, and Colonel Pedrozo from the Amazon Military Command, Campos also visited the border battalions stationed at Tabatinga and Iauarete, where he also visited the Calha Norte military project.

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Deputy Campos this afternoon told O ESTADO that having talked during the trip with military officers he learned that the Armed Forces have alternative solutions to the problems stemming from the contract with ESCA, which is considered the only national company able to receive the technology about the radar installations that will be provided by foreign suppliers. Without revealing what alternatives the military have, Campos said the military cannot adopt a position either in favor or against ESCA.

Campos said: "The problem is in hands of the court. If the court favors ESCA, the contract will be signed, if not, a definite solution must be found. However, we cannot postpone the issue," adding: "The National Defense Committee approved the project because it was fully analyzed during depositions before the committee by Aeronautics Minister Mauro Gandra and SAE chief Ronaldo Sardenberg.

Deputy Campos said the government must not forget the basic objective of the Sivam project because it involves national security. He said his trip to the Amazon region will conclude tomorrow with a visit to the ^{two} ships Negro River and Solimoes River. The congressmen will then return to Brasilia with another perspective. He said: "We were moved by the grandeur of our country. It is marvelous to be Brazilian. We will return to Brasilia with a different perception and values, with a desire to help our idealist colleagues of the Army, Navy, and Aeronautics, who are fighting amid so many difficulties here.

Aerospace Programs Developed With France Viewed

PY2504035795 Sao Paulo AGENCIA ESTADO in Portuguese 2343 GMT 21 Apr 95

[By Julio Ottoboni]

[FBIS Translated Excerpt] Sao Jose dos Campos, Sao Paulo, 21 Apr (AE)—Brazil and France will jointly develop a space research satellite. The new equipment will be launched in 1997, during the launching of one of the French Ariane rockets. The Brazilian and U.S. governments will also sign, in the next few days, the Quadro Agreement, which broadens scientific partnership between the two countries. [passage omitted]

The most celebrated partnership, however, is with France. A committee comprised of members of the AEB [Brazilian Space Agency] and the Inpe [National Institute of Space Research] will leave for Europe in the first week of May to complete the final details of the binational agreement. France and Brazil will sign the technical-scientific accord at the Brazilian stand at the Le Bourget aerospace fair, which will be held in June. The agreement will be signed by Science and Technology Minister Jose Israel Vargas. The program contemplates construction of a scientific mini-satellite, which will weigh approximately 200 kg and be worth \$20 million.

The French-Brazilian satellite's useful load has yet to be defined, but the satellite will be part of a yearly series of joint space experiments. This agreement will also give emphasis to research in the field of satellite propulsion and personnel training. Through these contracts, Brazil seeks to stimulate short-term contracts, and meet the requirements of the scientific community and supply them the data obtained by this satellite. Inpe Director Marcio Nogueira Barbosa has explained that "the difference between these agreements is that the one signed with France will include technological developments."

Chamber President Thinks Real Plan Base Must Be Modified

PY2504024795 Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 23 Apr 95

[FBIS Translated Text] Porto Alegre, 23 Apr (AE)—Chamber of Deputies President Luis Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia State] said today in Novo Hamburgo, 44 km from Porto Alegre, that the government must urgently change the Real Plan supporting base. According to Magalhaes, if the plan remains anchored to the exchange rate, it will not last long. Magalhaes criticized the administration's delay in implementing the privatization program and in defining the fiscal readjustment. He deems these two measures fundamental for continued economic stability. "We need a series of privatizations," he said.

Magalhaes went to Rio Grande do Sul State at the invitation of the sponsors of the Seventeenth Machinery, Leather and Shoe Components (Fimec-95) Fair in Novo Hamburgo, which began on 22 April and will end on 25 April. After holding talks behind closed doors with 30 entrepreneurs of the shoe-manufacturing area, Magalhaes said: "Either the government announces a fiscal readjustment and a broad privatization program or the exchange rate will not maintain our economic stability for very much longer, as we want it to."

Magalhaes pointed out that in some areas, privatization does not depend on the constitutional reform. As an example, he mentioned the approximately 16 petrochemical companies, some banks, and the firms in the field of electricity. He said: "The administration must indicate, right away, where the resources that will balance the economy will come from."

The deputy disagreed with Finance Minister Pedro Malan's inflexible decision to maintain the exchange rate as the Real Plan pillar and pointed out that as a result of this policy, the country has been losing \$1.5 billion per month. He warned: "Some day these resources will be exhausted." He added that by selling its assets, the administration will be able to reduce the servicing of the debt, the interest rates will drop, and the government will recover its investment capacity.

He added that last week Planning Minister Jose Serra defended before Congress the need to privatize the

telecommunications companies. The administration, however, must clearly tell society what it plans to do, Magalhaes said. According to him, the executive branch has made public opinion react negatively toward a project that is good for society: the social security area reform. He made the following criticism: "The government must communicate better with society."

Magalhaes asserted that Congress is doing its part and debating the reforms. He added that the draft bills on piped gas and the concept of Brazilian enterprises will be voted on next month. He believes that congressmen who support the government will manage to approve the administration's proposals for constitutional reform. He said that this will give the market positive signs about the administration's plans to implement them.

At the Fimec, Magalhaes listened to the claims of entrepreneurs of the entire shoe-manufacturing area, which is experiencing the worst crisis of its history. Due to the exchange policy that has been in force for the last 12 months, some 40 shoe-manufacturing plants in the Vale dos Sinos region, where Novo Hamburgo is located, have closed. Some 80 percent of the Brazilian shoe exporters are concentrated in this area.

Basically, the entrepreneurs seek export tax exemption, immediate collection of taxes on shoes imported from the PRC, and subsidized financing for the productive area. According to Julio Seidl, president of the Brazilian Association of Leather and Shoe- Manufacturing Machinery and Equipment [Associacao Brasileira de Maquinas e Equipamentos para Couro e Calçados—Abrameq], Brazilian exporters, other countries' shoe-manufacturers (particularly those of Mexico and Argentina), and the domestic market have reduced their activities at the same time.

Entrepreneurs have reported that machinery exports dropped 50 percent and that, currently, Brazilian exporters have been selling only 10 percent of what they did before the Real Plan. Magalhaes promised that he will convey this information to Minister Serra and President Fernando Henrique Cardoso this week, and will ask them to adopt adequate measures to solve these problems. While being applauded by the entrepreneurs who were attending the meeting, Magalhaes said that "the shoe-manufacturing area calls for a specific policy."

Central Bank Approves Measures To Restrict Credit

PY2404191495 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 24 Apr 95

[FBIS Translated Text] Buying on installments will become even more difficult as of today. The Central Bank this morning passed two provisions that make the bank compulsory deposit rules even more strict. The new rules seek to reduce the money in the market, thus making it more difficult for the public to obtain loans or financing at low interest rates. As of today, 30 percent of

all the money in term deposits in banks—like CDB's [Bank Deposit Certificates] and RDB's [Bank Deposit Receipts]—must remain in the Central Bank. This is a three point increase. This increase must be deposited in cash, the rest can be deposited in government titles.

The Central Bank will also establish a limit on the interest rate paid on term deposits because 60 percent of any surplus to this limit must also be deposited at the Central Bank.

There will be an immediate consequence: It will be harder to borrow because there will be less money available for commerce to finance purchases in installments. Interest rates will be higher for those who obtain financing.

Finance Minister Pedro Malan said in Washington that these measures are necessary because the government knows that CDB's increased credit and consumption. He said the government will adopt measures to control economic growth whenever necessary.

The Central Bank Banking Operations Department director will this afternoon explain in detail the new monetary measures.

Funding, Testing of VLS Project Discussed

95P20740A Brasilia CORREIO BRAZILIENSE in Portuguese 23 Mar 95 p 19

[FBIS Media Note] A "clever maneuver" will enable the Brazilian Air Force (FAB) of the Aeronautics Minis try to complete its Satellite Launch Vehicle(VLS) space rocket without spending money or placing a financial burden on any military ministry, according to an article by military analyst Roberto Lopes in the 23 March issue of government-leaning Brasilia daily CORREIO BRAZILIENSE. According to the writer, the final phase of the program will be paid for with \$14 million of funding provided by the Brazilian Space Agency (AEB), an agency connected with the Presidency that last year received approximately \$15 million from the National Treasury, and will likely be allocated some \$90 million in 1995.

AEB President Luiz Gylvan Meira has indicated that the Aeronautics Ministry has sought the \$14-million that the AEB intended to award to a foreign contractor for the launch of the second Brazilian satellite, the SCD-2. Gylvan said that he has sensed a waning of pressure from the Aeronautics Ministry since the possibility arose of transferring the \$14 million to the VLS project. The VLS project, according to CORREIO, has been dragging on for more than 10 years, and has already cost the Aeronautics Ministry and the Armed Forces General Staff hundreds of millions of dollars.

Sao Paulo business daily GAZETA MERCANTIL reported on 3 April that the Aeronautics and Space Institute (IAE) of the Aerospace Technical Center (CTA) in Sao Jose dos Campos will begin testing the separation

of the first and second booster stages of the VLS on 15 April. The tests, in which one of the four boosters from the first stage of the rocket is released, will use the same sequence that is to be used in the flight of the VLS. The separation of the stages, according to the CTA, will be done using the "simultaneous shedding" method, to minimize the perturbation of the vehicle's flight. The IAE has already concluded the qualification phase of all of the rocket's individual components, leaving only the separation tests to verify the functioning of the integrated system.

According to Aeronautics Minister Mauro Jose Miranda Gandra, the VLS launch date is scheduled for 20 July 1996 at the Alcantara Launch Center, Maranhao State, GAZETA added.

Chile

Defense Minister Denies Army To React to Letelier Ruling

PY2504031095 Santiago Universidad Catolica
Television Internacional in Spanish 0100 GMT 25 Apr 95

[FBIS Translated Text] Chilean Defense Minister Edmundo Perez Yoma asserted that the Army will not exert any measures of pressure after the ruling in the Letelier case is disclosed.

Upon his arrival from the United States, Minister Perez Yoma held a news conference to explain the rumors that started circulating after the meeting held on Thursday, 20 April, by the corp of Army generals. It was said that they had met to discuss the consequences of the Letelier case ruling, to be passed down shortly, and that by doing this, they were exerting undue pressure. However, Perez Yoma asserted that the generals were only informed about the legal aspects of the case, and there is nothing wrong in that. He also denied liaison exercises or any other type of reaction by the Army to the ruling.

[Begin recording] [Unidentified reporter] Minister, are you able, then, to assure the country that there will be no type of reaction following the disclosure of the Letelier case ruling?

[Perez] I greatly respect the Army, and am certain there will be no type of reaction in that sense. [end recording]

A few days ago, Argentina pompously dedicated a road that leads to Laguna del Desierto. During the ceremony, Tele Trece heard the sound of supersonic aircraft, also Argentine, that overflew the conflict zone at a very low altitude.

The defense minister said he will investigate this case. In the meantime, the chief of the Argentine Armed Forces Joint Staff [General Mario Candido Diaz], who is visiting Chile, denied that combat aircraft overflew the area.

[Begin recording] [Diaz] No combat aircraft overflew the Laguna del Desierto zone. I think it must be a mistake.

[Reporter] We have a video clip of them.

[Diaz] No combat aircraft overflew the zone. It might have been another type of aircraft, but not combat aircraft. [end recording]

The Argentine general asserted that there is no attempt to provoke Chile. Quite the contrary, he said; there is a desire to work in a coordinated manner with the Chilean Armed Forces.

Asexma President Views Economic Policies

95SM0285A Santiago LA NACION in Spanish 19 Mar 95 pp 24-25

[Interview with Roberto Fantuzzi, president of the Association of Exporters of Manufactured Products, Asexma, by Aldo Anfossi in Santiago; date not given]

[FBIS Translated Text] "Silence is golden," goes the old saying, but Roberto Fantuzzi appears not to have heard of it; the words flow out of his mouth in a torrent. It is as if he were choking on ideas, because he cannot even finish expressing one before he starts developing another.

The president of Aluminios y Enlozados Fantuzzi [Fantuzzi Aluminum and Enamel] and of the Association of Exporters of Manufactured Products (Asexma), is not your typical businessman: He does not fit the usual pattern of complacency. "It is stupid to talk about success when there are 4 million poor people; I do not see it at all." He uses the same terms when asked about jaguars: "We may be donkeys because we are stubborn to the death, not because of our attributes," he says, laughing.

He receives his guest in overalls, and his office could not be more plain, makeshift, and disorderly, at least to an outsider's eyes.

He is annoyed with the president of the Production and Trade Confederation (CPC), Jose Antonio Guzman, because of Guzman's notions of differentiating Chile from Latin America. He believes that this leader represents only the interests of big business, and he accuses the government of ignoring other sectors as valid interlocutors.

As for politics, he calls himself a "mulatto," a little of this and a little of that.

[Anfossi] What is your opinion of Frei's Latin Americanist statements in Europe, to the effect that the problems of the region should to a certain extent be Chile's concerns as well?

[Fantuzzi] I agree wholeheartedly. We live in the region...and not to do so would be like denying our origins, something that is very typical of Chileans. President Frei (I am not a Christian Democrat, and I want to emphasize

that because otherwise, people will immediately discount it) has a statesman's vision in the sense that we are part of the region and we must grow with it.

We are not immune to what is happening in the other countries, because we have very strong ties to them: If you look at our flow of trade, primarily manufactured goods, Argentina is far ahead with nearly \$500 million, and then comes the United States. It is followed by Mexico and Peru.

We are very interested in the health of these neighbors: If our neighbor's house were burning down, we would get out not just the garden hose but also all our pots to throw water on it.

[Anfossi] In other words, if the region suffers, Chile suffers....

[Fantuzzi] Since I agree wholeheartedly with Frei, I do not share the complacency of the ministers who give the impression that because we have attained macroeconomic balance, nothing will happen to Chile. That is not true; we will be affected in one way or another, and unemployment could rise.

If there is a recession in Argentina, demand will fall, and if people buy less, they will import less, and those are our exports.

Exports to Argentina are already declining: In January 1995 they were down 12 percent from January 1994. In other words, those are the first signs, and no one can be happy that his neighbor is sick.

[Anfossi] What is your opinion of the statements by the president of the CPC, Jose Antonio Guzman, to the effect that Chile should differentiate itself from the region?

[Fantuzzi] I have a great deal of respect for Jose Antonio Guzman, but in this case I cannot agree that we should isolate ourselves from the situation and devote all of our efforts to negotiating with countries outside the region.

I would even try to make an extra effort, since we have a good macroeconomic situation, to support both Mexico and Argentina. The United States supports Mexico not out of the goodness of its heart, but because there is an underlying interest. We can give "tied" credits for the purchase of our manufactured goods.

I get the impression that the administration has not paid any attention to the small and medium businesses (PYME) in the manufacturing sector, that it does not regard us as valid interlocutors. It listens only to Jose Antonio Guzman in this case, and he certainly represents a lot of businessmen, but only the big ones.

In Chile, there are new social and productive players, and as the government it should give everyone a chance to be heard. I am not maligning Guzman.

[Anfossi] Do you think the government gives too much credence to the CPC as an interlocutor?

[Fantuzzi] The thing is, the CPC is a serious institution; it has research and all the other departments. Since no one listens to us, we have not set up a research department so that governments would listen to us, but they should, and we can give our opinion for the good of the country.

I think there is a need for that, and in developed countries the PYME's are considered important and worth listening to. If the PYME's are strengthened, social and political stability can be achieved.

In Chile, it is just the opposite: They have been weakened; they have no influence with the economic authorities; no one listens to them. Big business takes advantage of all of the promotional laws. Mind you, I have nothing against big business, but this is how it is: In large companies, the one percent earmarked for investments in human capital development (which the law grants as an exemption) is a lot of money, but one percent of 10 workers is nothing. So the companies that are strengthened in the developed countries are weakened here, although not deliberately. And in Chile, 80 percent of economic entities are PYME's; they account for 60 percent of the work force and 40 percent of the GDP [gross domestic product].

[Anfossi] This criticism you are expressing....

[Fantuzzi] It is not criticism, it is a different point of view. The PYME's get the same treatment as women and poor people at election time: They listen to us, and then they forget about us. We have honest and valid propositions that could help the country.

[Anfossi] Well, this point of view, have you presented it to anyone in the government?

[Fantuzzi] Whenever I have an opportunity to talk about it, I do. If they listen to me, fine, if they do not...I think the government, in contrast to the criticism that has been levied against President Frei over his regional proposal, recognizes there are others of us who think differently, and we are as valid as the rest. We live in the region, and we are interested in its health.

[Anfossi] Did you discuss this with Guzman?

[Fantuzzi] No, I was not on the tour. I was at the summit. Guzman was too, but what he said, he said afterwards.

[Anfossi] Why is it so hard to talk about a tripartite agreement in Chile...?

[Fantuzzi] Once again, the people who are sitting at the table are not the ones with the problems. The Confederation and the United Labor Confederation (CUT) do not represent 80 percent of businessmen or 80 percent of workers. So we need to create forums where they can express their opinions. It is the same with poor people; they have a right to listen, but not to speak.

[Anfossi] Do you think it works that way?

[Fantuzzi] It does. Why do we always have to discuss confrontational issues with the workers when we sit down at the table with them? But health, education, housing, industrial security, productivity, and the way the productivity pie is divided up—these should not be confrontational.

[Anfossi] What is your view of the labor reform package?

[Fantuzzi] It has good points and bad points. What I have read about most is the training aspect, and I would have gone a lot further on that. I would have given the right to training to people who are laid off for at least six months, because that is where the reconversion is needed. Also, businessmen should be rewarded when they hire a person and train him. The labor reform overlooks the whole dual educational system.

I think that the most important thing today is investment in human capital; there is talk of social spending, but to my way of thinking, that is investment, because it yields profits almost infinitely.

[Anfossi] How is the Frei administration doing?

[Fantuzzi] There are good and bad things. The liberalization has been positive; we have consolidated markets. The negative aspect is the lower exchange rate; we are losing the medium- and long-term projection.

[Anfossi] The president of the Industrial Development Association (Sofofa) has said that Frei is a good leader, but he has bad managers....

[Fantuzzi] I would not say that, quite the contrary. I know the managers he has (referring to the ministers) and they are top flight. What we have been lacking on both sides is that we have not been able to communicate well.

The best arena was the Productive Forum, because I think that is the channel and the link to present new ideas. We have lacked creativity in the public and private sectors; we have gotten bogged down administering success, which is really stupid, because I do not see any success in 4 million poor people.

For example, we still have mid-week holidays, we still have huge amounts of red tape, and all of that undermines our competitiveness.

[Anfossi] So you agree with the opposition's criticism that the government has merely administered what was done before.

[Fantuzzi] No, I have not said that.

[Anfossi] You said that we are administering success.

[Fantuzzi] No, that here all governments always administer success. One time I heard Fernando Flores say that

success brings arrogance, the arrogance of the absolute truth, and that country or that company is one step away from the precipice.

[Anfossi] What animal do you identify with, the jaguar, the dragon, an insect...?

[Fantuzzi] This business of calling ourselves dragons or tigers is foolish. We might be donkeys, because we are stubborn to the death; not because of our attributes, that would be bragging. I am embarrassed when people talk about success and then ask us how many poor people we have: 30 percent of the population. That is not success.

Coalition Postpones Water Privatization

95SM0285B Santiago EL MERCURIO in Spanish 26 Mar 95 pp A1, A19

[FBIS Translated Text] The government and the Coalition agreed to table the matter of privatizing the 13 state water companies because the Coalition could not reach a consensus on a position. Instead, it was decided to deal with other points related to this issue.

To prevent the failure of the government's privatization proposal, it was agreed to draft legislation to transfer water rights to the government. At present, the water companies hold these rights.

At the same time, a regulatory framework will be established to cover drinking water rates and the concentration of ownership, among other issues. Once those points have been cleared up, the percentage of water companies that the private sector will be allowed to own will be discussed.

There was full agreement that the water companies should issue a call for bids by private investors for sewage treatment projects as soon as possible "with a view to accelerating the environmental benefits of this policy."

According to the political leaders of the Coalition, work began on a political and social accord on Monday, as soon as the Political-Technical Commission of the Coalition was sworn in. This group will be responsible for resolving any conflicts that arise within the Coalition.

The accord was discussed Thursday between the Coalition and the government at a meeting held at Olmue. On that occasion, a text was reviewed, and it was ultimately approved on Friday at La Moneda. It was then made public in the form of an official statement.

Tomorrow, Monday, President Eduardo Frei and the presidents of the coalition parties will meet over lunch at Cerro Castillo. They will discuss this matter, as well as municipal reform, another issue on which there has been no agreement.

The decision not to deal with the privatization of the water companies but to proceed with the development of a regulatory framework was made after several weeks of

talks, sometimes acrimonious, among the coalition parties and between them and the government. The bone of contention was the percentage of the water companies that should be privatized. In principle, the minister secretary general of the presidency, Genaro Arriagada, had stated at the end of last year that 49 percent of the companies would be put in private hands. In February, however, Finance Minister Eduardo Aninat indicated that this percentage could increase.

The discussion of the water companies arose because of the need to make investments to expand service and to deal with the sewage problem. These investments are estimated at close to \$1.3 billion.

Differences Persist

The Party for Democracy (PPD) is the coalition party most strongly in favor of privatization, while the Socialist Party is in firm opposition. The Christian Democrats have not taken a stance on privatization itself, insisting that first the regulatory framework must be determined.

Yesterday, Socialist Party President Camilo Escalona stated his party's position that in the wake of Friday's agreement it is clear that the coalition parties' decision to try to reach a consensus on this public statement indicates that it is possible to modernize without privatizing. There are numerous criteria and even decisions on which agreement can be reached with the government, related to water rights, strengthening the regulatory framework, and speedy implementation of plans to build the infrastructure needed for sewage treatment—all without involving privatization, he said.

Privatization, he admitted, will remain to be discussed after Congress has resolved two basic issues: the regulation of the sector and the national government's full authority over water rights. In his opinion, the most important thing is that the modernization of the sector will be addressed without privatization.

Escalona stated that he has been operating from this perspective, "and we want to take responsibility for it, not a conservative veto as one person has insinuated, but a social veto. In other words, the country cannot be thrown once again into a privatization maelstrom that would end up God knows where."

In contrast, Jorge Schaulsohn, president of the Party for Democracy, believes that the privatization of the companies is a fait accompli, and he expressed support for the infusion of private capital in this sector.

"There will be partnerships with private firms," he said, "with respect to the water companies. There is no doubt about that. That is what the government wants, that is what the Coalition wants. First we will establish the proper regulatory framework to guarantee the citizens' interest, and it will be up to the president of the Republic

to decide in which companies the government will enter into partnerships with private firms, and what the percentages will be."

He added that soon bills will be submitted to the legislature for consideration in order to establish the regulations that will make it possible to move toward partnerships with private entities.

As for the PPD, its president stated that it has no problem with the private sector holding a majority share in water companies. "We have no ideological problem. We are convinced that the private sector should participate, that private management is necessary. That is the opinion of the Party for Democracy."

He explained that, in any event, privatization should be studied on a case-by-case basis, depending on what is in the best interests of the country. "The idea here is to produce a cubic meter of water in the most efficient manner and at the lowest possible cost, so that the populace will benefit. We are not in favor of keeping companies under the absolute control of the state at all costs and under all circumstances, nor do we favor selling them for no good reason."

Regarding the percentages, he admitted that there are differences of opinion among the coalition parties, but that question will be resolved by the president of the Republic.

The opposition, meanwhile, has taken a strong stand in favor of privatizing these companies. It maintains that that is the only way to finance the public works projects that are necessary in this sector.

The vice president of National Renewal (RN), Alberto Cardemil, declared yesterday that the problem technically has a solution, since the country needs to invest more than \$1.5 billion to meet the population's needs. "The fundamental issue is that if this is not done with private contributions, the state will never be able to do it by itself," Cardemil asserted.

He added that along with private investment in the sector, the government will have to resolve the matter of rates and subsidies so that there will be more investment, progress, and delivery of water services at reasonable prices. In this way, the people will not suffer, and that is the role that the state must play.

Decision Now

Felipe Sandoval, minister vice president of the Production Development Corporation (Corfo), stated yesterday that the government must decide now what is going to be done with the water companies, because the implementation of future projects for drinking water, sewerage, and water treatment to meet the country's needs will take a long period of preparation.

He noted that Chile is currently a leader in Latin America with regard to this type of service, because the appropriate measures were taken at the appropriate time

in the past. He recalled that it takes more than four or five years to implement these measures.

Sandoval indicated that the country cannot be content with what it has at present, which is 90 percent coverage of drinking water service in urban areas, 80 percent coverage of sewerage service, and a low percentage of sewage treatment.

He stated that the problem for the government is not so much whether the water companies will be privatized as whether 100 percent coverage can be guaranteed for drinking water and sewerage, and whether substantial progress can be made on sewage treatment, which will improve Chileans' standard of living.

Colombia

Army Charges 'U.S. Drug Mafias' Arming Guerrillas

PA2504034095 Mexico City NOTIMEX in Spanish
2213 GMT 24 Apr 95

[FBIS Translated Text] Santa Fe de Bogota, 24 Apr (NOTIMEX)—The Colombian Army today affirmed that U.S. drug mafias armed Colombian rebel movements so they could attack the country's military.

Colonel Francisco Pedraza, commander of the 9th Infantry Brigade, said the rebels killed in action over the weekend in the southern department of Huila were carrying weapons belonging to the U.S. Government.

At least 13 guerrillas and one Army captain died during heavy fighting on Saturday at Rivera. According to official sources, the rebels were protecting coca plantations.

Col. Pedraza said "the bullets that killed Capt. Hernan Escobar were purchased with U.S. drug cartel dollars." He charged that there is an alliance between Colombian drug trafficking organizations and guerrilla movements.

According to the Army colonel, the guerrilla unit that fell "had M-1 rifles belonging to the Washington government and purchased with the same dollars the narco-guerrillas used to pay the U.S. mafia."

The commander of the 9th Infantry Brigade made the accusation during funeral services for Capt. Escobar, which were held on Monday in this capital city.

According to intelligence information, the Colombian drug trafficking organizations and the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] have maintained a tactical alliance for several years.

CNGSB units have attacked 52 army crop dusters over the past 20 months. The aircraft were spraying coca and poppy plants, which are used for making cocaine and heroin.

Mood Following U.S. Hearings Discussed

95CA0191A Santa Fe de Bogota SEMANA in Spanish
11 Apr 95 pp 36-37

After the debate in the United States Senate, President Ernesto Samper claimed a victory. But, rather than a triumph, what it proved to be was a moratorium.

Finally, the country emerged from the widely heralded debate in the United States Senate's Foreign Relations Committee. For months, Colombian Government officials and both the national and foreign press had done nothing but speculate on what would happen in Washington after 4 April. And the fact is that many were expecting the worst. Republican Senator Jesse Helms was claimed to have a complete montage prepared to discredit Colombia, with all kinds of charges of "narco-corruption" at the highest levels. The leading United States newspapers published articles hostile to the country. All this caused the atmosphere in both Washington and Bogota to become increasingly tense.

However, the expectations were so great, and what was expected to be heard at the hearing was so serious that, when the debate took place, Helms appeared to almost everyone as having come out with a stream of drivel. Colombians, who thought that the country would be the subject of a debate similar to that in the highly publicized O.J. Simpson case, saw in Helms a rather absent-minded little old man of 82, who seemed to consider Colombia unworthy of his attention. Neither Helms nor the officials who participated said anything new. The senator repeated what he had claimed in the past. He mentioned the "narco-cassettes," talked about corruption, and referred to the raid on the Intercontinental Hotel in Cali during the First Communion celebration for the son of one of the Rodriguez Orejuelas, and an alleged phone call by Rodriguez to Narino House, during which he demanded public apologies.

Although all these charges could be considered serious, everything said in the hearing had already been heard before. And in Colombia, the new rule in this respect is that, for something to be considered serious, it must be new. And there was nothing new. Hence, when the widely advertised debate ended, Colombians breathed a sigh of relief. And the first to do so was President Samper. A few hours after the debate concluded, he remarked: "I am convinced that the terms of the relations between the United States and Colombia have become reinforced after today's debate." He added: "I am sure that we have reached the end of a chapter today, and that we can now continue working with greater zeal on the problems of greatest concern to Colombians."

And, in fact, he is not mistaken. It was, indeed, a triumph for Samper. Because of the way in which the debate turned out, everything seems to indicate that he succeeded in putting behind him the wave of scandal, rumors, and accusations against him. The "narco-cassettes" and their aftermath had monopolized the

attention of the country and the government during recent weeks. The consequences of this were very serious, not so much because of their validity or legitimacy (which had never been proven), but rather because the president and his ministers were devoting more of their time and energy to defending themselves than to governing. In view of the outcome of the Helms debate, the issue has lost its forcefulness.

The truth is that not only the president, but the Colombian people as well, are bored with the single issue of the electoral campaign financing. Everyone wants a rest from this. With the flood of this type of gossip, a kind of national agreement has been reached on the matter. A consensus has emerged between those who believe that everything being rumored must be uncovered and those who claim that nothing should be published because it harms the country. It is that anyone who has definitive proof should publish it, but, until that proof appears, the president should be allowed to govern. And the fact is that no one has come up with conclusive evidence to date.

But, although the personal questioning has been left behind, the same thing does not apply to the institutional problem: that is, the relations between Colombia and the United States. All those knowledgeable on the subject agree that the situation still remains very delicate. Rather than the triumph claimed by the president, what was obtained was a moratorium. Various U.S. officials, trade association leaders, and observers of international policy agree on this.

It is undeniable that the status of relations between the two countries is still delicate. On the day after the debate, Senator Helms introduced a bill giving the Colombian Government a brief respite of nine months to demonstrate convincing results in the battle against drugs. The time periods are well defined: Colombia has until 6 February of next year to keep the promises of the present administration. In other words, within less than a year it must eradicate 44,000 hectares of coca and poppies; and it is granted another year for the total elimination of illicit crops. This relates to the matter of drug production. However, although it is not specified, what the United States expects are results in the battle against the cartels. Concretely, it requires that the Cali organization be dismantled, and that the Rodriguez brothers end up in prison. According to the bill, if the goals are not met, there will be economic and commercial sanctions that could even go so far as to exclude Colombia from the free-trade agreements. They might include suspension of the preferential tariffs for Colombian products, and the elimination of loans from the multilateral banks. In other words, the United States did not give Colombia absolution, but rather an ultimatum. In this connection, Colombia's ambassador to the United States, Carlos Lleras de la Fuente, asserted: "The government cannot and should not let down its guard in its battle against the drug traffic, because we would have very serious problems with the United States in the near future."

Despite all this, the prospects for Colombia and for President Samper are far better than those last week. And the reason is very concrete: the chief executive has regained control of the situation. During recent weeks he was losing it, because of the uncertainty regarding what would happen. Now, at least, he knows that there are clearcut ground rules. The goals required by the United States are probably unrealistic. Attempting to put an end to the drug traffic in nine months is like attempting to put an end to poverty within the same period. But in these international processes, everyone "exaggerates" a little. Although it is possible that Samper will not succeed in doing everything that the United States would like, he has sufficient maneuvering room to circumvent the situation; and it may be predicted that he will not allow the country to reach the brink of the abyss. There will surely be an intensification of the battle against the drug traffic, as is already being sensed now. Those who doubted that the raids against the Cali Cartel were serious have abandoned their reservations, in view of the government's recent offensive. The latter has included measures that are definitely effective, such as incentives for informers, through offers of rewards in the millions in exchange for the principal ringleaders of the drug cartels.

The fact is that Colombia is not such an accomplice of the drug traffic as the Republicans on the far right attempt to depict it. The majority of Colombians are opposed to this illicit activity, and no government has been in the service of the cartels. However, depending on the political circumstances, it has sometimes fought them leniently, and at other times hard. It is quite likely that the latter will occur now.

To summarize, the situation does not warrant the excessive optimism shown by the president in his press conference. Nevertheless, a situation has in fact been created whereby Samper managed to shake off a problem that was paralyzing his administration. Finally, he can govern and be in control. And it could not have happened at a better time. After all, the time periods for the moratorium have already begun elapsing.

Samper's Response to Accusations Viewed

95CA0185A Santa Fe de Bogota EL TIEMPO in Spanish 6 Apr 95 p 4A

[Commentary by Enrique Santos Calderon: "And Now, To Govern"]

[FBIS Translated Text] "My life is an open book" is a phrase in the poetic-costumbrist style that might make for pithy headlines, but it does not satisfy the expectations some people had for President Samper's news conference yesterday afternoon. I would much rather have heard a resounding NO than a discussion of the transparency of his life and the efficacy of our court system.

Aside from that rather elliptical response, it was a good idea to call a press conference to clear up doubts and

dispel suspicion that the president might be trying to duck the problem of the narco-cassettes and the rumors of all sorts that have been circulating lately.

Samper did what he should have done a long time ago—take the bull by the horns—to scotch the rumors and stories that have been flying around. It is not a question of stooping to respond to slander spread at home or lies perpetrated abroad, but of thwarting fabrications or half-truths that can get out of hand in the face of silence or absence and can end up damaging the government's image and credibility.

Samper's conciliatory and sometimes evasive nature causes him to opt for lying low during times of crisis, in the belief that it is better to wait until the storm passes. This is not always the best policy. And in this case, he ended up feeding the rumor and gossip mill.

It was significant that at the news conference he authorized former President Pastrana to reveal what he had said a month ago before the Foreign Relations Committee, which was convened in connection with the row over certification. According to the former president, what he said "would shock the nation." We are waiting, then, to hear what Dr. Pastrana Borrero said and to see whether there is anything new in this whole imbroglio.

Judging by the languid hearing conducted in the United States Senate, there is nothing new. The same accusations about "narcodemocracy" and the same threats from Senator Jesse Helms against Colombia. There was not even an appearance by the infamous "Maria," with her incredible stories about Samper receiving suitcases full of money. A reliable gringo source has told me that this Maria person was dropped as a witness back in 1992 due to unreliability.

In short, all of this has been an exhausting episode for the government. This is partly because its excessive susceptibility to rumor, its ill-advised attempts to manipulate the press, and its erratic reactions to news stories or malicious political opinions, here and abroad, helped blow the problem out of proportion.

Although it cannot be said that the problem has been entirely resolved, what happened in the last 48 hours has certainly cleared the air for the Samper administration. Now he can breathe—and govern—more freely. The gringo congress did not turn up anything. The House of Pastrana came out looking bad, since in the opinion of the public it was identified with unpatriotic behavior. And Ambassador Frechette has just expressed effusive praise for the government's efforts to combat drug trafficking.

If anyone, here or in the United States, knows or has anything new, let him say so, with concrete evidence and facts. And let the Prosecutor's Office investigate everything it has to investigate without indulgence or complicity. And quickly. What we cannot have is continued rumblings and murmurings that create an atmosphere of anxiety.

In the middle of all this, one has the impression that what works best here is gossip or the over-dramatization of events. Examples abound right now.

The clumsy appearance of a lieutenant at the offices of SEMANA posing as a subscriber to spy on the magazine's internal workings is not an assault on the freedom of the press (though it does set a disturbing precedent), but just another sorry example of the government intelligence services' ineptitude.

It is to be hoped that the announced investigation of this grotesque incident will conclude very soon, and that those responsible will receive a condign punishment.

The unanimous and vociferous pronouncement of the Council of Ministers against the House of Pastrana and its newspaper, once again, is not an assault on the freedom of the press (as former President Pastrana has suggested) but a baffling reaction (because it is exaggerated and counterproductive) by the upper echelons of government to the hokey and by now routine excesses of a tabloid with zero circulation and scant credibility. The mischievous editor of LA PRENSA whose truculent photomontage caused the furor must be more pleased than anyone else with the cabinet's wrathful reaction.

The government should learn a lesson from these two incidents with respect to its relations with the media. Or its reaction to them. It is better not to worry so much about the headlines, not to be so anxious about what they will say about so many niggling matters, and how they will say it. And it is better not to seek to blame the media for the government's shortcomings, or try to make them share in government responsibilities again.

Influence the media, convince them of the administration's blessings, or hold them to answer for their errors—these are obvious and legitimate endeavors for any government. It all depends on how that is done. Expending too much energy trying to head off stories is futile and almost always counterproductive.

Just imagine Clinton devoting his time to refuting everything that is published about him, beginning with his illicit affair with Flowers. Or imagine Mitterrand's cabinet speaking out against the cruel satire and brutal caricatures of the weekly CANARD ENCHAINE.

When the press is truculent, dishonest, or misleading, it ends up losing all credibility. The government should not be so concerned about that. Leave them alone to do their work, and let the government govern.

Personalities Arrested for Ties to Cali Cartel

PA2204060495 Santa Fe de Bogota Inravision
Television Canal A Network in Spanish 0000 GMT 22
Apr 95

[From the "Seven O'Clock Newscast"—passages within quotation marks recorded]

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[FBIS Translated Text] Undoubtedly, the news of the day is the arrest of Liberal Eduardo Mestre and the investigation of important politicians and other figures for suspected ties with Cali drug traffickers. These are the personalities that will be investigated for suspected links to the Cali Cartel: David Turbay Turbay, comptroller general of the Republic; Alvaro Benedetti, president of the Chamber of Representatives; Yolima Espinosa, a member of the Liberal Party Directorate; Senator Alberto Santofimio Botero; Jose Guerra de la Espriella, a member of the Foreign Relations Commission; Senator Maria Izquierdo; and Rodrigo Garavito, a member of the Chamber of Representatives. Other congressmen include Jaime Lara Arjona, Armando Holguin, and Ana de Petchalt.

The day began with the surprising arrest of well-known Liberal politician Eduardo Mestre and his transfer to Santa Fe de Bogota's Modelo Jail. According to members of the Prosecutor General's Office, he was arrested in his own home at about midnight.

Eduardo Mestre Sarmiento, former ambassador and former senator, was transferred to the Santa Fe de Bogota Regional Prosecutor's Office to make his first statement. The politician had spent the morning at the Modelo Jail, where the media did not have access to him. He was only seen from afar when the time for his statement approached. Fifteen men of the technical corps of the Prosecutor's Office had arrested him at his house in northern Santa Fe de Bogota. An arrest warrant had been issued against him two days ago on the charge of illicit enrichment. In a search, the authorities found payment receipts and check vouchers from companies owned by the Cali Cartel chiefs made out to the former senator.

The Liberal politician is sharing the cells with colleague Rafael Serrano Prada and 20 other prisoners, most of them former DAS [Administrative Department of Security] and the Prosecutor's Office members:

[Unidentified reporter] "Did he speak with you?"

[Colonel Roberto Pelaez, director of the Penitentiary Institute] "Yes, I spoke with him."

[Reporter] "What does the senator have to say?"

[Pelaez] "He is waiting for the Prosecutor's Office to carry out its investigations."

[Reporter] "Did he make a special request? Is he uneasy about his arrest?"

[Pelaez] "No, he did not make any special request."

His wife, Patricia de Mestre, arrived in a luxury automobile, and, eluding reporters, she met with him for nearly an hour. The former senator and former ambassador might be transferred to a military prison next week to wait for formal charges and to be taken to trial if there are sufficient grounds to do so.

Nevertheless, Eduardo Mestre is not the only person against whom an arrest warrant was issued. Arrest warrants have also been issued against three others. Members of the Prosecutor's Office looked for journalist Alberto Giraldo at his house last night, but he had fled minutes earlier. Giraldo is accused of illicit enrichment. Warrants were issued against Miguel and Gilberto Rodriguez Orejuela, who were compromised by the discovery of receipts indicating businesses transactions in which they appear as majority shareholders and transfers of money in companies intervened by the authorities.

In addition, 12 additional arrest warrants were issued against individuals who work for those companies and who are accused of being front men of the Cali Cartel. These include industrialist Julian Murcillo, a representative of the company Exposal, who is also a fugitive.

Prosecutor General Alfonso Valdivieso held a news conference during which he explained that both the arrest warrants in certain cases as well as the beginning of investigations or the transfer of certain cases to the Supreme Court are the result of the discovery of documents in searches several months ago. Valdivieso stated emphatically that today's reports have no relation to the narcocassettes or political campaigns:

[Valdivieso] "From any viewpoint, there is a situation in which, I repeat, money that is quite certainly linked to drug trafficking appears to be circulating from hand to hand. That money is illicit and prohibited in Colombia. That is what we Colombians must prevent; that is the difference that must be made between those who do not play into the drug traffickers' hands and those who might be involved in that type of conduct."

"I do not believe this is the time to speak about an organizational chart of that organization. He has appeared as a middleman, as a person who, undoubtedly, might have links. He is being linked for the time being to the possible charge of illicit enrichment. I must make this remark, because it is not until now that the formal investigation begins. What I must stress in any case is that the investigation has not indicated a relation to the narcocassettes."

These actions have had great repercussions abroad, particularly because of the high offices the aforementioned politicians hold. The main one, David Turbay Turbay, is the comptroller general.

The authorities have found copies of checks and transactions in which the name of Comptroller General David Turbay Turbay is implicated. Because the Prosecutor's Office cannot investigate David Turbay Turbay, given he holds the office of comptroller, the evidence was sent to the Supreme Court of Justice, which has the power to do so. This court will decide whether there are grounds to open formal investigations on Turbay Turbay. The comptroller spoke about this shocking matter today:

[Turbay Turbay] "A Cali firm on 16 April paid a hotel bill of the comptroller at the Cali Intercontinental Hotel."

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As far as I can remember, I do not believe that is possible. I believe I paid all my bills with the Credibanco card of Banco del Comercio. I have asked my wife in the capital to request certification of the payments I made with that card. It is sad that when one is waging a struggle and making an effort to fight corruption, one now appears accused because of a 200,000 peso bill paid by a firm the location of which one does not even know and by people with whom one has never spoken."

Accused Comment on Accusations of Cartel Ties

PA2204061195 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 0000 GMT 22
Apr 95

[From the Seven O'Clock Newscast"—passages within quotation marks are recorded]

[FBIS Translated Text] The nine congressmen listed by the Prosecutor General's Office during today's news conference cannot be investigated by that office. Their cases will be presented before the Supreme Court of Justice; nevertheless, Prosecutor General Alfonso Valdivieso has demanded that those found guilty should be stripped of their investiture.

The Criminal Court of the Supreme Court of Justice received two investigations from the Prosecutor General's Office three weeks ago. The files listed donations, transactions, checking withdrawals, and payment of personal invoices, including hotel and club payments, made by cartel companies. The transactions indicate the alleged implication of nine legislators of the Liberal Party [PL]. They are Alvaro Benedetti, from the coastal region; Jose Guerra de la Espriella, also from the coast; Alberto Santofimio Botero, from Tolima; Armando Holguin Sarria, from Valle del Cauca; Ana de Petchalt, from San Andres; Rodrigo Garavito, from Caldas; Yolima Espinosa, from Valle; Maria Izquierdo, from Boyaca; and Jaime Lara, from the Coast.

Due to their status as congressmen, the Supreme Court must decide whether to open a formal investigation and whether there is enough evidence to issue arrest warrants against them. In addition, and for these same acts, the Prosecutor General's Office has opened a preliminary investigation of Cesar Villegas, a former politician and presently a major shareholder of the Independent Santa Fe Club, and of Santiago Medina.

The names listed today were found in documents seized during raids in Cali and Santa Fe de Bogota, last year, at businesses believed to belong to drug trafficking organizations. These are some of the raids:

[Unidentified reporter] "July 1994. The Search Bloc carries out a search operation at the Cali offices of Chilean citizen Guillermo Payo. There, police found lists of several politicians and police officers who reportedly received Cartel payoffs. A raid took place at the Exposal Corporation at the same time. Police found evidence of a delivery of political propaganda T-shirts. In August

1994, police moved in on the office of a drug trafficker known as Regan in the Farallones Building, in Cali. There, police found check stubs including payments to Eduardo Mestre and payments for hotel and club services for several politicians.

"In October, 1994, police searched the offices of Jose Santacruz Londono. There, they found receipts linking 23 people to several Cali Cartel companies. In February and March of 1995, the Search Bloc located a computer containing files on many banking accounts providing the Prosecutor General's Office with additional evidence. Operation Dignity took place in March of 1995, as well as several raids in Santa Fe de Bogota. The operations turned up evidence against several cartel companies."

We spoke earlier with Congress President Juan Guillermo Angel in Neiva. Senator Angel is the director of the PL. Comptroller General David Turbay Turbay and the nine implicated legislators are also members of the PL:

[Angel] "The fact someone is under investigation does not mean they have been convicted. The fact congressmen in Colombia are being investigated is an assurance of the honesty of this country's democracy. It would be serious for them not to be investigated. It would be serious if the events were covered up. The PL is the only party that has enforced its code of ethics and punished its own members. The logical, serious, and good thing here, then, is that there are investigations going on."

We also sought reaction from those mentioned in the investigation process. Some declined to make any statements, and others granted our request. These are their statements:

[Benedetti] "When they spoke to me, they asked about some T-shirts or sweatshirts, as we call them on the coast. We did not give away any T-shirts during our campaign, nor did we give away any T-shirts for the presidential campaign. What they have to determine is who ordered them, who received them, when did [word indistinct] receive them."

[Garavito] "I am glad the Prosecutor General's Office has finally decided, after nine months, to close the files and forward them to the Supreme Court, as we had been asking. We congressmen must respond to the charges before the Supreme Court. As of 24 April, I will be with my attorney at the court for whatever the court wishes. I understand they are working on preliminary investigations up to now. There is nothing behind this matter, but I am still at the court's disposal for whatever it sees fit."

[Petchalt] "One could say that San Andres has been under scrutiny. It has been said that we are a nest for drug trafficking. It has been said that we are a nest of criminals; this is not true. There are good and honest people in San Andres. There is talk that this could be a political ploy against me, but I would rather not speculate."

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[Espinosa] "I am ready to appear before the Supreme Court, and everyone is aware of my behavior. I have been working now for 20 years. My life is open to anyone who would like to investigate."

[Holguin] "I realize, of course, that there is no investigation. The prosecutor has forwarded certain reports on certain evidence for the Supreme Court to decide whether such evidence is sufficient to order an investigation."

[De la Espriella] "Apparently, the charges concern an account a company involved with criminal activities allegedly paid on my behalf. That is not true, and I have evidence, which I have given you, to prove it."

This evening, President Ernesto Samper Pizano conveyed his total respect for the judicial decisions made by Prosecutor General Alfonso Valdivieso Sarmiento:

[Reporter] "President Samper stated in a communique that the state security apparatus is at the disposal of the Prosecutor General's Office to help clarify these developments in a prompt and efficient manner for the sake of democracy. Samper Pizano reiterated his government's unyielding decision to fight the drug cartels with a strong hand. He made that statement after holding a three-hour private meeting with his government and justice minister at the Narino Palace."

The "Seven O'Clock Newscast" has learned the investigations are continuing, and at least 40 other people will be named.

Prosecutor, Others View Cartel-Related Arrests

PA2304124895 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish 1800 GMT 22
Apr 95

[From the "Cripton Newscast"]

[FBIS Translated Text] The Prosecutor General's Office has made another arrest in Cali during the course of investigations on the connection between politicians, private citizens, and members of the Cali Cartel. Operations to apprehend other people continue in Cali, Valle del Cauca Department, and here in Santa Fe de Bogota. There are no leads on the whereabouts of journalist Alberto Giraldo.

[Begin recording] [Hernando Jimenez, director of the Technical Investigation Corps (CTI) of the Prosecutor General's Office] Another arrest was made in Cali.

[Unidentified reporter] Who is it?

[Jimenez] Gutierrez Ardila, Armando or Eduardo, I am not certain about the name.

[Reporter] Who is he?

[Jimenez] He is someone who was wanted by regional justice officials within the framework of the latest arrest warrants issued by the regional prosecutor's office.

[Reporter] What is he charged with?

[Jimenez] Illegal enrichment.

[Reporter] Does he have any ties to the companies involved in this problem?

[Jimenez] The prosecutors will establish those ties as soon as they receive the appropriate information.

[Reporter] What kind of raids are taking place right now, and how is the work being conducted?

[Jimenez] As is well-known, the Prosecutor General's Office, through regional prosecutors, has issued warrants for the arrest of some people wanted on charges of illegal enrichment and serving as front men for drug traffickers. The CTI is acting in accordance with the arrest warrants.

[Reporter] At what time was he arrested and where?

[Jimenez] Last night in Cali.

[Reporter] Are operations taking place in Santa Fe de Bogota?

[Jimenez] We are working to check whether some of the people named in arrest warrants are in this city.

[Reporter] Will there be more arrests?

[Jimenez] No, the CTI has not received any other warrants aside from those reported.

[Reporter] [Words indistinct] with arrest warrants have left the country, like Alberto Giraldo?

[Jimenez] No, we have not determined that. [end recording]

Prosecutor General Adolfo Valdivieso and Assistant Prosecutor General Alfonso Salamanca made some statements concerning this inquiry. It is clear it is not related to the so-called narcocassettes, and it is also clear that former Prosecutor General Gustavo de Greiff has nothing to do with this case.

[Begin recording] [Valdivieso] The important thing is to keep the information and coverage of it from leading to speculation that could prompt the staff of the Prosecutor General's Office to err by predicting results or making remarks that may hurt the investigation.

[Reporter] How about the case of the narcocassettes? Do the elements there mean the case may be reopened?

[Valdivieso] In my opinion, that issue has been addressed so many times that one is embarrassed with the people... [pauses] The investigation is advancing. Decisions will be made at the appropriate time.

[Reporter] When did evidence begin to be gathered? What was really the start...

[Valdivieso, interrupting] This has been mentioned since 8 July 1994.

[Reporter] What happened with De Greiff? Will he be investigated?

[Valdivieso] This has nothing to do with the case we are investigating.

[Reporter] What happens to the lawmakers? [Words indistinct] now before the court?

[Assistant Prosecutor General Alfonso Salamanca] The court has to decide whether or not to open an inquiry. If it does, well, the rest has to do with the normal handling of the case.

[Reporter] How is it that they will give a statement next week? Are Mr. Santiago Medina [treasurer of President Ernesto Samper's 1994 presidential campaign] and Cali Mayor Mauricio Guzman among them?

[Salamanca] Mr. Santiago Medina has been summoned to give a statement. I am not aware the Cali mayor was summoned.

[Reporter] Is Mr. Cesar Villegas included on that list?

[Salamanca] I was not aware he was summoned either.
[end recording]

Eduardo Mestre Denies Links to Cali Cartel

95CA0183A Santa Fe de Bogota CAMBIO 16 in Spanish 10 Apr 95 pp 20-21

[Interview with Eduardo Mestre Sarmiento by Maria Cristina Caballero: "We Must Consider Extradition"; place and date not given]

[Text] *Eduardo Mestre Sarmiento, controversial Liberal leader, advises Gilberto Rodriguez Orejuela to turn himself over to the courts and denies links with the Cali Cartel.*

[Caballero] Do you think Colombia is doing all it can against drug trafficking?

[Mestre] Experts predict that Colombia is going to surpass the current level of production of heroin of Asia's so-called "golden triangle." That is a most serious view of Colombia's future. We must reevaluate whether we are channeling our action toward achieving our goal: the total eradication of drug trafficking.

[Caballero] What do you propose to do?

[Mestre] First of all, identify who the real enemy is. The DEA says there is an all-powerful cartel in Colombia that is responsible for 70 percent of all drugs entering the United States. Former Prosecutor General Gustavo de SGreiff maintains that what we have in Colombia is hundreds of independent operators involved in drug trafficking. It is very difficult to confront the problem if the diagnosis is inaccurate and as long as we simply obey orders in order to meet international demands.

[Caballero] Has the war on drug trafficking been based on erroneous hypotheses?

[Mestre] Senator Helms has said that 70 percent of all drugs entering the United States come in through Mexico. I wonder whether the Mexican drug traffickers are subsidiaries of the Colombians or vice versa, whether Mexico is in fact in the lead.

[Caballero] What is your evaluation of the fight against the Cali Cartel?

[Mestre] My belief is that Colombia cannot turn into a safe haven for criminals where, because of such mechanisms as nonextradition and impunity, we are depicted as a country where it is not possible to punish criminals. That is not good for Colombia. So far, the results of the fight are nil. Jesse Helms is right about that.

[Caballero] Would you favor reinstituting extradition?

[Mestre] My opinion is based on philosophical rather than political considerations. Extradition is a mechanism contained in legal codes all over the world. Few countries prohibit the extradition of their nationals. The vast majority practice extradition. We must think about it.

[Caballero] In other words, you support it?

[Mestre] If we want to protect our nationals abroad, we must abide by commonly accepted international norms. Extradition is a universal problem or issue, and Colombia must follow international rules of play. Congress is the appropriate body to rule on its suitability, but the truth is that we cannot isolate ourselves from the world.

[Caballero] Did extradition yield positive results when it was practiced?

[Mestre] We have never been informed about how that treaty was enforced. It was simply done away with. In order to restore it, the Constitution would have to be reformed and such a procedure would take at least three or four years.

[Caballero] Why does your name keep popping up in connection with the Cali Cartel and the Rodriguez Orejuelas?

[Mestre] CAMBIO 16 published something based on a bill. There is a piece of paper with a number written alongside my name and bearing the date of 8 August 1992. By a strange coincidence, I was in the city of Vienna on that day and happened to visit Patricia Lara, publisher of your periodical. So that I cannot agree...the fact that my name should appear on that paper means nothing more than that it is false.

[Caballero] What does the visit have to do with the document in question?

[Mestre] I was the Colombian ambassador to Switzerland. That paper is a fake, a setup. In the intelligence report filed after your article, they say it was a bill for flowers.

[Caballero] Does that seem logical? If that were so, why would a receipt for flowers be sent to Miguel Rodriguez, as it shows there?

[Mestre] I think it is absurd that they should say they are for flowers. It is absolutely absurd! Flowers for me? When I was 8,000 km away? I cannot accept that. I hope the Prosecutor General's Office conducts a thorough investigation.

[Caballero] You were also mentioned in connection with the case of the drug tapes.

[Mestre] I am not the "Eduardo" that they mention on the tapes. I have said so under oath, and also, that I was neither a member of, nor an official in the Samper campaign, and that I was not authorized to receive funds.

[Caballero] And how do you explain the cashing of a check for 5 million [pesos] made out to you, a copy of which was found by the Swat Team?

[Mestre] I sold some things that I brought back from Switzerland to Omar Perez, who signed the check, and that check is part of the transaction. I sold many things: an apartment, a car, rugs, and a painting that I brought from abroad.

[Caballero] Then why do they show the check as a monthly payment?

[Mestre] I do not know whether it is the accounting entry, just as I do not know whether someone filled out those papers for the purpose of involving me.

[Caballero] But you did meet Gilberto Rodriguez at the Workers Bank.

[Mestre] I used to go to the bank as an account holder. At the time, he had the government's approval. He had a bank, a radio network.

[Caballero] What was the Rodriguez that you knew like, and how many times did you meet with him?

[Mestre] Nothing out of the ordinary. The times I met with him, he approved my loan and helped me. It was totally routine. I met with him five or ten times. My relationship was through the bank, period.

[Caballero] They say an ordinary accountholder would not have the credits you obtained.

[Mestre] They were foolish credits. I don't recall the amount. I bought some shares from Corfiboyaca [Boyaca Financial Corporation], financed with a credit from the Workers Bank. I had trouble paying it off, so I offered the Bank a lot of mine. The bank turned it down, but Rodriguez agreed to buy the lot.

[Caballero] Are you sorry you met Rodriguez? Do you think it hurt your career?

[Mestre] Yes, my political career was hurt, but those are the rules of play. Serious damage is done to a person with a right to honor. The rumors did hurt me in business.

[Caballero] Do you deny connections with him?

[Mestre] I have never denied meeting with him, but that is very different from a friendship.

[Caballero] Is it true that Rodriguez was the Liberal Party treasurer?

[Mestre] I don't remember, but I believe that one of Rodriguez' sons was a member of the financial committee of Belisario Betancur's presidential campaign.

[Caballero] If Rodriguez were to call you, what would you say to him?

[Mestre] Good advice would be for him to consider ways of sitting down and answering to the courts for the accusations against him. And for him to accept the ruling of the courts, because that is the only way this country will restore the credibility of its institutions.

[Caballero] Has Rodriguez hurt the country?

[Mestre] The discrediting of its institutions hurts it. It is justice that is harmed the most. It would be a good thing for Rodriguez to appear before the courts.

[Caballero] Ramiro Lucio claims that Rodriguez Orejuela wants amnesty.

[Mestre] I think that that is the wrong way to put it. When amnesty is proposed as a condition, what he is insinuating is that society must surrender first so the other party will. That is not how it works! It is not society that must surrender, but rather, pardon, if such a pardon is deserved.

[Caballero] You were at a planning meeting for Juan Manuel Santos' campaign two weeks ago in Paipa. Do you particularly support that announced presidential candidacy?

[Mestre] I was invited to a meeting by Dr. Santos, who is my friend. It was for the purpose of projecting Colombia's future by the year 2000. He has very good qualifications and talent for leading the country. He would make a very good candidate for the party. I believe that he will one day be president of Colombia. I don't know when.

[Caballero] Would you agree to be an official in the campaign?

[Mestre] I would say that that would be a mistake because I am one of the older ones. We must draw young people. If he calls on me, I would advise him with great pleasure.

[Caballero] Some people think that because you have been associated with Miguel Rodriguez, you must be a millionaire. Are you?

[Mestre] The only thing I have millions of is overdrafts! I lead a modest life.

[Caballero] What is your greatest aspiration?

[Mestre] I hope to retire from the three companies I advise as soon as I am financially able to do so. I am 58, and the most wonderful thing I have is a 21-month-old son to whom I am devoted. I want to dedicate my time to raising my son, and politics has the drawback of taking one away from one's family.

[Caballero] What is your opinion of the Samper Administration?

[Mestre] It is distinguishing itself for something I had not realized: its capacity for reconciliation. The campaign they have tried to organize against him with that "Maria" is odious and ridiculous. Do you think a man who wants to be president would ask a stranger to arrange a meeting with "Mafia" bosses?

[Caballero] Now that you are in a reflective mood, what do you regret?

[Mestre] I do not believe I have made any extremely serious mistakes. Rather, I recall a phrase of President Kennedy's: "Very rarely do we choose the circumstances of life. Nor can we change them after they happen.... We have to be able to respond to any occasion." And I have done so.

[Caballero] Have you thought about writing a book?

[Mestre] Yes, on my experiences as a politician. For example, I believe the Liberal Party made a very serious mistake in not supporting Luis Carlos Galan from the beginning. Colombia needed Galan's government, a government with the sense of mission that he had. A fight for moralization.

[Caballero] Would you have liked to be president?

[Mestre] No politician would say "No" to that question.

[Caballero] As president, would you make the fight against drug trafficking your priority?

[Mestre] Of course!

Police, Army Units Kill 13 ELN Rebels in Huila

PA2404122195 Santa Fe de Bogota Invision
Television Canal A Network in Spanish 1800 GMT 23
Apr 95

[Report by Juan Carlos Sosa; from the "Cripton News-cast"]

[FBIS Translated Text] The search for the killers of Pilot Jose Luis Ramirez yielded its first results a few hours ago when police and Army units killed 13 ELN [National Liberation Army] rebels.

Thirteen ELN guerrillas responsible for the death of National Police Major Jose Luis Ramirez were killed by the Army's 9th Brigade in Rivera Municipality, Huila Department.

[Begin Captain Francisco Rene Pelaez recording] This is the result of work by the intelligence units and the goodwill of citizens, who have given us timely information which allowed us to be more effective. [end recording]

Military operations continue in the eastern mountain range. Army and police helicopter gunships were deployed to the area to support the land mobilizations of the military brigade. In addition to the ELN rebels who were killed, the Army lost a captain in the clashes. Weapons and war materiel for the exclusive use of the police were also confiscated.

'National Solidarity' Said To Favor Samper

95CA0195A Santa Fe de Bogota EL TIEMPO in
Spanish 7 Apr 95 p 4A

[EL TIEMPO editorial: "National Solidarity"]

[FBIS Translated Text] The irritating episodes of the past few days, all originating in the alleged infiltration of money from the drug traffic into the last presidential campaign, have generated a visible national solidarity in favor of the president of the republic, Ernesto Samper Pizano.

Despite the erosion that he has suffered, the president has been bolstered by the citizens' support, which should be translated into greater firmness and security in his administration. In any event, it is beneficial for a ruler to feel backed by his people for guiding an agitated country with a steady hand during turbulent times.

President Samper is receiving an appreciable second wind, and an opportunity to confirm with effective results and incontrovertible government action the statements that he made to the news media in the past few days, associated with his commitment to the all-out battle against the drug trafficking scourge.

During the devious process whereby the debate acquired a national setting, news items were produced seriously offending the president's dignity. They also prompted disproportionate reactions that by no means befit good relations between the news media and the government.

It is further to be hoped that President Samper will always be able to capitalize on the expressions of solidarity that he has received amid these confusing events, as an asset to his government. Both he and the nation need and deserve it.

Nearly all the country's political persuasions, including many friends of ex-President Pastrana, were on the side of the chief of state. They followed and supported him, directly or indirectly rejecting the published reports attempting to injure the dignity of the chief executive.

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He has emerged fortified, and able to count on the national solidarity. This has been proven by the support from prominent political figures, spokesmen for trade union entities, or ordinary citizens, who have expressed their backing for him through many channels.

Perry Discusses Tax Reform Proposal

95CA0192A Santa Fe de Bogota EL TIEMPO in Spanish 3 Apr 95 pp 1, 5B

[Interview with Finance Minister Guillermo Perry by unidentified correspondent; place and date not given]

[FBIS Translated Text] Finance Minister Guillermo Perry began to use cloak-and-dagger methods to defend the new tax reform because he is convinced that the reform is necessary.

In the first detailed statement he has given on the bill that will be introduced in Congress before Holy Week, he said that the objective of the initiative is to correct a serious error that the previous administration made in the last reform effort.

What was done with Law 6 "was a joke" in bad taste on all Colombians, says Perry, because taxes were approved with a certain expiration date to cover expenses that cannot be dismantled. An increase in the IVA [sales tax] was approved, along with a surcharge on the income tax for five years to deal with permanent increases in judicial and military pay. In his view, that was the result of former Minister Rudolf Hommes's good humor and lack of seriousness.

In an interview with EL TIEMPO, Perry revealed that in the battle against tax evasion, the bill will turn big businesses into significant revenue collectors.

He stated that the screws will be put to leasing and trust financial services and to nonprofit entities, because they have become major vehicles for tax evasion.

The finance minister acknowledged that now there is a little more uncertainty in some economic sectors, but he does not believe this will affect the economic growth goals and the target of 18-percent inflation.

[EL TIEMPO] Why is the government proposing a new tax reform when it had said it would not raise taxes?

[Perry] This initiative is being introduced because the tax reform of 1992 was not serious.

I can see former Finance Minister Rudolf Hommes's sense of humor there. I do not understand how they could try to raise salaries in the judiciary, provide more support for the military, and strengthen the new institutions with temporary taxes. The question is, what would happen after five years, when the rates went back down? Would pay be cut? Would troop strength be reduced?

It would be absolutely crazy to lower taxes after 1998. What they did with the tax reform, known as Law 6, was a bad joke on all Colombians.

[EL TIEMPO] If you are not going to raise rates, what do you plan to do with regard to taxes?

[Perry] The main focus of the tax reform is to take another look at the big loopholes and opportunities for tax evasion so that they can be eliminated, and to give the tax administration specific tools to improve collections.

For this reason, the process of withholding at the source will be extended so that all major companies will withhold. This system has been implemented in many countries, and it has yielded good results for controlling tax evasion.

In addition, we will impose strict controls on the IVA, since Colombia is the only country that does not monitor billing. There is a lot of disorganization in this regard.

[EL TIEMPO] What other areas will be revised?

[Perry] We are going to revise the leasing and trust systems, because when the regulations were drawn up, there were a lot of loopholes in these financial transactions.

Thirty percent of integral salaries will be tax-exempt.

We will not eliminate the IVA exemption for capital goods.

We will study the matter of presumptive income, which is taxed at four percent. The sales tax on luxury cars will be increased, and the nonprofit organization system will be revised, because there is a lot of tax evasion there.

[EL TIEMPO] One controversial issue is the travel expenses of high-ranking public officials, which are exempt from taxes. Will they be touched?

[Perry] If we submitted a proposal of that nature, tax reform would never get through Congress.

[EL TIEMPO] We Colombians will have to make major sacrifices under this reform. What sacrifices will the government make?

[Perry] The government has already begun to make sacrifices. We adjusted the salaries of the public sector to meet the 18-percent inflation target. As a result, for the first time, we face layoffs at the Colombian Petroleum Enterprise [Ecopetrol] under the collective bargaining agreement. We cut public spending by 307 billion pesos, and we are committed to a 0.7-percent surplus in public finances.

[EL TIEMPO] What criticisms of yourself do you think have been the fairest? The most unfair?

[Perry] One of the fair criticisms is that interest rates have gone up more than we expected, and that the monetary squeeze has gone too far. And the most unfair criticisms are those lodged by some columnists.

[EL TIEMPO] The government is still optimistic about the management of the economy, despite the warnings of possible risks issued by some sectors.

[Perry] We must recognize that we started out the year in very good shape, but then came developments such as the crisis in Mexico and its repercussions, heightened by the report from the Federation for Development [Fede-sarrollo] that aroused a lot of fear in businessmen. Furthermore, the uncertainty about the tax reform and the results of the social pact have had an influence.

There has been a discussion of whether we can reach the economic growth targets set forth in the Development Plan. I see no reason why we cannot. The 6.0-percent growth rate will be achieved this year, but 5.5 percent is good, too. The investment rate of 24 percent of GDP is the highest in history, and the external sector is very solid.

Construction will grow by 5.0 percent, compared to 12 percent in 1993, but that slowdown will be offset by the performance of commercial agriculture and industry, which are yielding better results.

The situation is not as good as we were projecting in late January, but it is still favorable.

[EL TIEMPO] Today the March inflation figures are to be released. Are you still happy with the results?

[Perry] We have to look at what factors the inflation goal depends on: One of them is the management of the monetary situation. For the first time, we are achieving our money supply objectives, and we may even be below our target, after three years of being above the established band.

Another factor is fiscal management, and we are exerting control over that. In this regard, the Samper administration has turned out to be much more serious than the orthodox approach of former Finance Minister Rudolf Hommes. The growth of spending in the first seven months of last year was an aberration, so it was up to us to put on the brakes. The macroeconomic program is on track to lower inflation. The social pact is helping us meet our inflation objectives.

[EL TIEMPO] The government has been saying for some time now that interest rates will go down. When?

[Perry] Here the problem is that the financial system needs to change its attitude. It is one of the most conservative and least entrepreneurial sectors in the country, because it was heavily regulated and protected for many years. In March, interest rates were beginning to climb again, as happened last December.

Most of the members of the Central Bank's Board of Directors do not want intervention; they would rather see interest rates be regulated by market conditions. We are going to see continued high rates, but we hope that by the end of the year the rates paid on savings accounts will

be six to eight points above inflation. As inflation begins to yield, the cost of money should begin to decline.

[EL TIEMPO] As the government promised, the level of devaluation has improved. To what extent is it the result of economic policy, and to what extent the Mexican crisis?

[Perry] It is a combination. I would say 70 or 80 percent economic policy and 20 to 30 percent external factors. The domestic policies were drastic; foreign loans with terms of less than five years practically disappeared for businesses, and we shortened the terms for import drafts to just four months. But the "tequila" effect has also had an impact.

I think that we will manage a devaluation of 13.5 percent this year without any great difficulty. If it is greater, as some analysts have predicted, it could have negative repercussions on the rate of inflation.

As for the current account deficit, which is 5.0 percent of the GDP, we hope that it will begin to shrink with greater oil exports and the policy aimed at curbing the revaluation.

[EL TIEMPO] Finally, despite all the announcements on the battle against smuggling, it is still flourishing with the appearance of the new "Sanandresitos." What is going on?

[Perry] The government has made a major effort to control smuggling. The problem is that many of the measures adopted to improve the customs system do not take effect until next June. To be sure, we still need more coordination among Customs, Civil Aeronautics, and the police to combat this phenomenon at ports of entry.

Operations have been carried out at the airports in Bogota, Palmaseca, and Cartago, but we need stronger controls.

We hope that the customs companies, the implementation of the international certifying entities, and the support of law enforcement will help us crack down on this problem.

Business Groups, Others View Tax Proposal

95CA0192B Santa Fe de Bogota EL TIEMPO 7 Apr 95 pp 1, 5B

[FBIS Translated Text] The tax reform measure that the government will submit to Congress has already begun to raise the first concerns among trade associations and economic and parliamentary analysts.

Although there is a consensus on the need to control evasion and establish a more equitable tax system, there is concern about the increase in rates and its impact on the productive sector and taxpayers in general.

The director of the Federation for Development [Fede-sarrollo], Eduardo Lora, indicated that the most important thing is to make a genuine effort to control public spending, because otherwise there would be no justification for tax reform.

"My principal criticism is that the government is trying to raise taxes so that it can spend more," stated the official, who pointed out that public spending is still sky high.

For Fedesarrollo, however, the bill generally follows the postulates expressed by President Ernesto Samper, with the exception of the increase in the effective rate of the income tax from 35 percent to 37 percent. This measure runs counter to the initial goal of not raising rates.

In Fedesarrollo's view, some of the positive aspects are the presumptive income and the controls imposed on real estate purchases, so that big money will pay its fair share of taxes.

No More IVA

The National Federation of Businessmen [Fenalco] agrees with the instruments that will be put in place to fight tax evasion, but rejects the increase in taxes.

That is why it challenged the raise in the value-added tax [IVA] on vehicles. It declared its opposition to the measure immediately.

The president of the federation, Sabas Pretelt de la Vega, indicated that Fenalco is willing to negotiate to avoid confrontations over taxes. He questioned the presumptive income method, however, calling it technically unsound. He noted that the taxation of nonprofit entities is very dangerous.

For Senator Juan Camilo Restrepo, it is clear that the bill submitted by the government to Congress would significantly increase the tax burden on Colombians.

In the first place, he said, it will raise the income tax, since by eliminating the 25-percent surcharge and leaving a full rate, the tax rate would jump from 35 percent to 37 percent.

In addition, the presumptive income base would be increased from 4.0 percent to 7.0 percent, and the IVA would be extended to other activities not currently subject to the tax. "I am worried that we will end up with an income tax and IVA rate structure that is very high by international standards, which could encourage smuggling and tax evasion."

The senator admitted that some elements of the bill are well-intentioned efforts to control tax evasion and will not arouse any major opposition in Congress.

Fedesarrollo Director Views Tax Proposal

95CA0194A Santa Fe de Bogota EL ESPECTADOR in Spanish 9 Apr 95 p 1B

[Commentary by Eduardo Lora, director of the Federation for Development]

[FBIS Translated Text] It has become customary by now to implement tax reforms every two or three years in Colombia. On this occasion, the government believes

that the reform is necessary to finance the increases in public spending called for in the development plan. Under the present circumstances, this argument is untenable. But reform is necessary, nevertheless.

The Macro Argument

The main argument in favor of tax reform is macroeconomic in nature. Total spending, both public and private, is currently much higher than total production, both public and private. The result of this situation is a deficit with the rest of the world, and the prudent thing to do would be to reduce it as soon as possible. Ideally, from the standpoint of future growth, spending on productive investment should hold steady, and only consumption should be cut. Well, taxes, properly designed, are the best instrument for achieving this objective.

From this we can conclude that it would be wrong to raise taxes to finance greater public spending, which is what the government wants to do.

That would simply escalate overall spending, and with it the foreign deficit, thus repeating the history of the last reform.

Unfortunately, there is an agreement between the government and Congress to use the proceeds from the tax reform to finance the increases in public spending set forth in "The Social Leap."

That agreement should be reconsidered. Otherwise, we will have a new reform very soon.

Congress would do well to make tax reform conditional on actual growth in public savings. The new public spending programs should be financed with cuts in other programs and with greater efficiency in the public administration.

The Need To Correct Defects

Another, no less important, justification for the reform is the need to close the loopholes and correct the defects in the previous reform. Without any technical justification, Congress decided in 1992 that raises in the value-added tax [IVA] and the income tax would be temporary. This is the first problem that must be solved.

Furthermore, the reform is necessary to continue modernizing the tax system with a view to boosting revenues without having to raise the rates.

The finance minister himself stated in a book on public finances in Latin America, published by the Inter-American Development Bank [IDB] last year: "The commercial and financial liberalization has led to a desire to augment income tax and IVA revenues, especially through improved administration, increased coverage, fewer exemptions and other privileges, expansion of withholding systems, and the use of presumptives, since this is the only way to resolve the dilemma of avoiding very high marginal rates while at the same time obtaining the needed revenues."

In light of this argument, the great flaw in the proposed reform is the boost in the income tax to 37 percent. The effective rate of 35 percent that we are already paying, thanks to the last reform, is plenty.

Editorial Comments on Proposed Tax Reforms

95CA0194B Santa Fe de Bogota EL TIEMPO in Spanish 10 Apr 95 p 4A

[EL TIEMPO editorial: "The New Reform"]

[FBIS Translated Text] The topic that has begun to command the attention of public opinion is clearly the tax reform measures that the administration will soon submit to the National Congress. This is because in one way or another, those "detestable taxes" affect the lives of all Colombians and the behavior of wage-earners, investors, consumers, businessmen, and savers—in short, everyone who participates in the country's economy, no matter what his status.

Unfortunately, what has been learned about the new reform is fragmentary. It is true that the memorandum from the finance minister to the president of the republic was published, giving a summary of the proposed changes. Some media have also published in installments the possible text of the bill. But it is also true that this type of information does not allow anyone to form a clear judgment of the reform as a whole, because the specialized and critical language of the measure can be interpreted by only the experts. And all indications are that this is not a mere streamlining, but a wholesale reform that includes—assertions to the contrary notwithstanding—higher tax rates, the extension of taxes such as the value-added tax [IVA] to more goods and services, the imposition of new withholding requirements on businesses, the definition of new taxpayers, and the elimination of what the minister calls "inappropriate discrimination." There are also some specific changes in the way certain sectors are treated, such as hydrocarbons, and in the administration of the tax on gasoline, among others.

This is a far-reaching matter. It is not a question of amending a "joke," an unfortunate expression used by Minister Perry in statements to this newspaper. That drew an immediate rejoinder from former Minister Hommes, who recalled that the tax adjustments approved in the 1993 reform were temporary, especially the income-tax surcharge of 25 percent, in response to the wishes of Congress, not of the government in office at the time. No. We are witnessing a reform effort that goes beyond streamlining and aims, as we well know, to collect a considerable amount of additional revenues—3.2 trillion pesos over the next three years—to finance the development plan of the Samper Pizano administration. By all lights, a fiscalist reform.

It is of the utmost importance that the various facets of the new reform be discussed rationally and appropriately, with a view to formulating suitable and permanent

rules of play. Neither the economy as a whole nor businesses and individuals in particular can withstand such frequent changes in the tax code. It becomes impossible to schedule or plan any new project, and the operational burden on businesses becomes absurdly and outrageously heavy. And it is not just direct taxes that are involved here. Businesses have had to put up with an increase in their contributions to the Social Security Institute [ISS] this year, which amounts to an increase in payroll taxes, not to mention the other changes in the Social Security Law that affect them.

Moreover, it is impossible to continue increasing the tax burden indefinitely if Colombians do not at some point see concrete benefits from paying higher taxes. And the fact is that there is no evidence of any such benefit. Thus, we are in complete agreement with the statement by the director of the Federation for Development [Fede-sarrollo] that a tax reform is not justified if it is simply a question of spending more. Unfortunately, the risk that the increased revenues will be squandered on government operational spending is very high.

For all of the above considerations, even if technical justifications are found for the new tax reform and raising taxes becomes indispensable for the country's macroeconomic health, we cannot refrain from expressing our concerns about the magnitude of the changes at hand, and a certain skepticism about their value.

Editorial Decries LA PRENSA Photomontage

95P20728 Santa Fe de Bogota EL TIEMPO in Spanish 5 Apr 95 p 4A

[EL TIEMPO editorial: "Journalistic Excesses"]

[FBIS Translated Text] Even during those periods which the country associates with the most virulent interparty confrontations, the opposition did not employ weapons of the kind we have seen used during the past few days in the newspaper LA PRENSA. Defenders as we have always been of the freedom of the press and of the media's independence in the use of editorials to express its views, we nevertheless believe that this independence and freedom, by virtue of their breadth, demand the exercise of responsibility, toward our seeking the national welfare.

For these same reasons, we respectfully, but categorically, disagree with the extremes to which the paper directed by Juan Carlos Pastrana has gone, in particular the photomontage of President Samper on the picture of Noriega, under arrest in Miami, that circulated throughout the world as a universal symbol of ignominy and infamy.

It is true that the country still awaits an explanation of the annoying matters which have caused this stir. But there is a big difference between that and offending the person of the president of the republic. More than a political error, the publication [of the photomontage] by

this well-known newspaper seems like an enormous stupidity. And, as far as former President Pastrana is concerned, we believe he did not know about the existence of the photomontage.

In this regard, it is worth emphasizing the valiant attitude of Andres Pastrana who, from abroad, expressed his disagreement with the position assumed by his family's newspaper and stated how, in such delicate matters and when the interests of Colombia are threatened, national unity should prevail over any other consideration.

Ecuador

Petroecuador Denies Discontinuing Oil Sales to U.S.

PA2404235495 Quito Voz de los Andes in Spanish 1700 GMT 24 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Manuel Vivanco Riofrio, foreign trade manager of Petroecuador [Ecuadorean State Petroleum Enterprise], said it is not true that Ecuador will stop selling oil to the United States. The company is just trying to find new markets in South America and the Far East to receive the maximum benefits from this vital, nonrenewable resource, which generates 50 percent of the foreign exchange in the national budget.

Defense Minister: Base Sur Should Remain Under Ecuadorian Control

PA2504034295 Quito Voz de los Andes in Spanish 1230 GMT 23 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadorian Defense Minister General Jose Gallardo insisted the Base Sur military post should remain under Ecuadorian control even though this country's troops withdrew from this sector one week ago.

The general described as mere rumors reports of an alleged movement of Peruvian troops toward Base Sur, which was abandoned by Ecuadorian troops recently under the supervision of the guarantor countries' observers mission in compliance with the separation of forces agreement.

The minister said: Peru's seeking to occupy Base Sur would be a transgression of what has already been agreed and guaranteed by the four guarantor countries. He added that Ecuadorian troops will begin withdrawing from the Tiwinza base by next week as part of phase four, of six, of the separation of forces process.

After saying the military observers are supervising both nations' honoring of the separation of forces commitment, the defense minister cautioned: We can guarantee our country will never accept Peru occupying areas Ecuador has evacuated.

In reference to the supervision process being carried out by the international military observers stationed near the conflict region, Gallardo said: We must have faith that the intention of the guarantor countries will be positive, and there is no reason to doubt their performance.

He insisted the observers will not enter Tiwinza to verify the separation of forces from this sector. The troops are scheduled to withdraw from this sector in the presence of local and international journalists, as occurred with the departure of Ecuadorian soldiers from Base Sur.

Paraguay

Editorial: Oklahoma Bombing 'Worrisome New Method of Terrorism'

PY2404141595 Asuncion ABC COLOR in Spanish 22 Apr 95 p 10

[Editorial: "Worrisome New Method of Terrorism"]

[FBIS Translated Text] On 19 April, a powerful bomb destroyed a large section of a U.S. Federal Government building in Oklahoma City. There are reports of more than 400 injured people and a yet undetermined number of casualties (possibly 200), including at least 12 children.

Oklahoma City, the capital of Oklahoma State, is not an important political center. It is a mid-western U.S. city in a rich agricultural, livestock, and oil region, but otherwise, not very significant. It is a place for family life and productive work.

Yet right there, in this community based on "the typical American family" and "the American way of life," is where the dreadful message conveyed by the recent bombing may lie. Just as the car-bomb attack on the World Trade Center tower in New York made the United States aware that terrorism might strike there, at its economic system, the Oklahoma explosion may seek to instill fear in the most orderly communities and most placid homes. It represents a huge refinement compared with the explosion in New York.

So far, not one single political, ethnic, religious, or other group has claimed responsibility for the Oklahoma bombing, explained its motivation, or made any extortionate claim based on the bombing. Given the absence of any clues, there is no room even to speculate who might have perpetrated the bombing. For now, the entire world is under suspicion. This malignant phenomenon of terrorism has spread through a large number of countries, races, cultures, religions, and political systems with a variety of goals—from drug trafficking to ethnic strife.

The Oklahoma bombing, the New York bombing, or the attempted bombing in Paris—involving a plane loaded with fuel that was scheduled to explode over that city—emphasizes a new trend of terrorism; to strike indiscriminately with large numbers of victims, without targeting

a specific group of people. Against this new method there is, of course, no possible defense because it is impossible to guard everything, not even in a police state.

The huge risk lies in the fact that indiscriminate terrorism may be more advantageous—much more advantageous—than selective terrorism in provoking reactions from the communities attacked, that is, serving as a fuse for a sort of “dirty war” or “witch hunt”—but on a worldwide scale. Uncivilized people usually want civilized people to resort to the same cruel methods used by the uncivilized. Thus, power is merely linked to force and may overlook the law or other moral factors. It is also appropriate to note that there is virtually no hope of negotiating with terrorists, which is another element that might favor uncivilized reactions.

The world, or its most evolved cultures, may be facing problems of immeasurable depth. It is time to develop, not reduce, our moral forces.

Peru

Strengthened Military Urged in Wake of Conflict
95SMO281A Lima CARETAS In Spanish 16 Mar 95
p 21

[Commentary By Fernando Rospigliosi: “The Ecuadorian Threat”]

[FBIS Translated Text] A number of times in recent weeks, Ecuadorian President Sixto Duran Ballen has stated that he has taken only the first step along his path to obtaining sovereign access to the Amazon region. Emboldened by the military, diplomatic, and propaganda victories won, his country is making preparations to continue to pursue its goal.

Concern is spreading in Peru. If we had really triumphed, as the government and its followers say we did, one might have believed that the demarcation of the frontier sector that has still not been completed might be achieved soon, and that the issue would be definitively resolved. But that is false, as is becoming clearer with every passing day. There is no possibility that Ecuador's authorities will agree to the demarcation. On the contrary, they are going to advance further challenges to the Rio de Janeiro Protocol, as well as concerning other frontier areas that it had been thought were beyond question.

Therefore, knowing whether we really won or lost in the recent conflict has very important practical consequences in terms of the decision as to what Peru should do in the future. By trying to deceive the Peruvian public, Fujimori and the military leadership are damaging our national interests and blinding the citizens, preventing their awareness of the serious danger that threatens us.

Until January of this year, we Peruvians could sleep peacefully, thinking that no serious international threat

hovered over us. The absurd Ecuadorian claims on the Amazon region always seemed exotic and provincial to us. According to the most widespread belief, this was simply a banner the government leaders in Quito brandished when ever they had domestic problems.

Now another interpretation has been added to this simplistic one. It is that the Ecuadorian military want to retain control of their huge slice of their country's budget. Although both explanations are certainly true, the problem is in reality very much more serious. We are dealing with a people absolutely convinced of two things that are historically false—that at one time, their territory extended to the banks of the Amazon River, and that in 1941, Peru wrested away from their country a half of its territory.

The massive hostility to Peru evidenced in the recent conflict reflects the profound extent to which these mistaken ideas are rooted in the people of Ecuador. And this being the case, it is clear that no government official or military officer in that country will dare to suggest any compromise on what is a unanimously shared national objective.

In other words, the authorities are conditioned by this anti-Peruvian sentiment and this territorial claim, while at the same time they are furthering it.

The result is becoming clearly visible now. For as long as this feeling persists, the threat of Ecuadorian military aggression will always be present. The only thing restraining Ecuador is the fear of defeat—in other words, the knowledge that we are the stronger.

But as soon as any sign of weakness appears in Peru, the Ecuadorians try to advance their cause. In this instance, they took an important step forward with the incursion into our territory, and we were unable to force them out. We suffered very substantial losses, and were made to appear to be bellicose and abusive aggressors in the eyes of the international community.

Peru is in a precarious position now, from every point of view. What happens in the course of the coming weeks will no doubt be dictated in part by the results of the electoral process. But it is important that, this time, we learn the lesson taught by history.

Ecuadorians must learn that if they do not change their attitude toward Peru, they will be exposing themselves to a response that will truly affect them. That what happened in 1981, when we did nothing but expel them from our territory, will not be repeated—because, as we have now determined, they are prepared to run this risk.

In other words, they invade us, and when we discover this, we try to force them out. If we defeat them (1981), the situation remains the same as it was before the incursion. If they win (1995), they have made progress toward their national objective. Put another way, they risk very little and stand to gain a great deal. Given this situation, the problem will never end. We will have to

invest tremendous resources in national defense, and even so, we run the risk that an inept government and military commanders—such as we have at present—may lead us into disaster.

Our neighbor country, its people, and its leaders, must, then, become convinced that they cannot continue to provoke us with impunity without risking overwhelming defeat resulting in major losses.

In order for them to become convinced of this, two things are necessary. The first is that we Peruvians be aware of the danger that hovers over us and attribute to it the importance that it merits. Secondly, we must have the resources required to guarantee that our frontiers and our national interests will be respected.

With regard to the latter—the resources—we can ensure them, given time. We had such resources in the past, and we can be sure to have them in the future. The first factor—the awareness—was not present in the past, nor is it now. It is certainly not a question of exacerbating chauvinist passions or ridiculous hatreds. It is simply necessary to put aside the historic apathy and blindness that has characterized our republican life.

This demands a national consensus, which we hope can be achieved once the electoral process is behind us.

Minister Rejects Ecuador Demilitarization Proposal

95SMO296C Lima ANDINA in Spanish 18 Apr 95

[Received via Internet]

[FBIS Translated Text] Minister of Industry, Tourism, Integration, and International Trade Negotiations Liliana Canale reiterated today that the Ecuadoran proposal for demilitarization of the Cenepa zone in order to reestablish trade relations between the two countries is being rejected.

Just minutes before the meeting of the Cartagena Agreement Commission began, the head of the Mitinci [Ministry of Industry, Tourism, Integration, and International Trade Negotiations] said that "Ecuador has no right to impose conditions, and Peru has no obligation to accept them."

Canale forcefully described Ecuador's attempt to impose conditions for the reopening of the frontier, an action carried out unilaterally by the country to the North, as "out of proportion."

"There is no question of Ecuador's imposing any condition. The Ecuadorians unilaterally closed the frontier, and we dealt with that difficulty very satisfactorily. We have worked with the businessmen and are prepared to seek solutions so that they will not suffer losses.

"We are hoping to achieve an overall solution for renewing trade exchange," Canale went on to say. "Our

framework for negotiation is that set forth in the Rio Protocol and involves a very firm and respectful attitude on the part of Peru."

In view of the multilateral nature of the meeting, the minister rejected bilateral negotiations with her Ecuadoran counterpart, Jose Vicente Maldonado. However, she left the door open to the possibility of dialogue if circumstances allow.

The Ecuadoran minister of industry, for his part, reiterated the readiness of his country to reopen the frontier in order to reestablish trade relations, if the demilitarization of the zone goes forward.

He also said he is ready for any kind of talks in this connection, since the conflict represents a step backward in regional integration.

Retired General Arrested for Criticizing High Command

PY2504040595 Madrid EFE in Spanish 1827 GMT 21 Apr 95

[FBIS Translated Excerpt] Lima, 21 Apr (EFE)—Peruvian General Walter Ledesma Rebaza, retired, has been arrested and charged with "betraying the nation" for publicly criticizing the Peruvian military high command with regard to the handling of the recent military conflict with Ecuador.

According to his lawyers, Ledesma was arrested on 18 April when he appeared before the Supreme Court of Military Justice (CSJM), and was subsequently held in a room of the Army Academic Center in the district of Chorrillos, in Lima.

On 30 March, one week before the general elections, the opposition weekly CARETAS published an interview with Ledesma, who said Peru lost the war and blamed the military high command and President Alberto Fujimori for it. [passage omitted]

Ledesma's arrest was "denounced" by the political opposition as military abuse of authority and a violation of the constitutional right of freedom of expression.

The opposition daily EL MUNDO said today that the reason for Ledesma's arrest was his "opinion" of his Ecuadoran counterpart General Paco Moncayo published in CARETAS.

Ledesma described Moncayo as a "very charismatic, sympathetic, and intelligent man, an enemy of Peru, capable of doing what he did and something more."

Opposition lawyer Javier Valle Riestra demanded Ledesma's immediate release after pointing out that Ledesma has the right to make any criticisms he wants of the military command because he is retired.

Another retired general, Oscar Ibanez, criticized Ledesma by saying that his arrest is legal because it is in accord with military legislation.

Ledesma was retired in December 1994 by decision of the Army Command when he still had four years remaining on active duty.

Sixth Region Leader Linked to La Cantuta

95SMO281C Lima REPORTE ESPECIAL/DESCO in Spanish Feb 95 p 5

[Unattributed article]

[FBIS Translated Text] The recent conflict with Ecuador has revealed that Peru has to a certain extent underestimated the difficulties existing in the Condor Mountains area in connection with the mobilization of the Armed Forces. In order to improve the deployment of the forces in this zone, the government and the Joint Armed Forces Command have decided to create the Sixth Military Region, with main headquarters in the El Milagro Barracks in the province of Utcubamba. The Sixth Military Region will have the entire department of Amazonas and parts of the provinces in the department of Cajamarca under its jurisdiction.

On 3 March, Major General Luis Perez Documet assumed his responsibilities as the first commander in chief of the Sixth Military Region. General Vladimiro Lopez Trigos, who was previously the military commander in this zone, was appointed to head of the administrative general staff. The head of the operational general staff is General Manuel Ortiz Lucero, and General Eduardo Ortega La Jara has been put in charge of the Inspectorate General.

General Perez Documet is one of the military commanders with the most extensive experience in combating the Sendero Luminoso [Shining Path]. He was the commander on the Mantaro Front (Junin, Huancayo, and Satipo, among other provinces) and he has commanded the Special Forces Division. He has also served as the commander in charge of antisubversive actions in the Southern Cono and along the Lima Central Highway.

But just as his experience is recognized, it is also clear that he is a controversial officer. Some observers note that at the time of the kidnapping and later assassination of the university students in La Cantuta, in Lima, Perez Documet was the officer in charge of this area of the capital, and it was Army personnel under his command who were guarding the university. Reference is also made to the fact that dozens of people disappeared in Huancayo while the general was in command on the Mantaro Front.

General Manuel Ortiz Lucero, for his part, is also an experienced commander, since he served as chief of operations in the Domestic Front Operational Command, a joint Armed Forces command body responsible for combating subversion and drug trafficking. He left that post shortly after a reference linking him to a drug trafficker who was arrested in recent months was published in the press.

Sanguinetti Congratulates Fujimori

95SMO296D Lima ANDINA in Spanish 18 Apr 95

[Received via Internet]

[FBIS Translated Text] Montevideo, 18 April (ANDINA)—Uruguayan President Julio Maria Sanguinetti congratulated his Peruvian counterpart, Alberto Fujimori, today on his reelection in the general elections held in his country on Sunday, 9 April, and he expressed the hope that peace with Ecuador can be consolidated during his term of office.

In the telegram he sent, Sanguinetti also expressed his certainty that Fujimori's new term of office will also make it possible to find permanent solutions for the maintenance of peace on the continent, as well as for the consolidation of the excellent relations between Uruguay and Peru.

Earlier, Sanguinetti had urged enduring peace in talks with the Peruvian president and Ecuadoran President Sixto Duran Ballen when the two visited Montevideo as guests invited to attend his installation in office last 1 March.

A day earlier, the foreign ministers of Peru, Ecuador, and the guarantor nations of the Rio de Janeiro Protocol signed an agreement in Montevideo ratifying the Itamaraty Peace Declaration, which established a ceasefire on the frontier between the two nations in conflict.

Belmont Congratulates Fujimori on Election

95SMO296E Lima ANDINA in Spanish 18 Apr 95

[Received via Internet]

[FBIS Translated Text] Lima, 18 April (ANDINA)—Lima Mayor Ricardo Belmont Cassinelli congratulated the reelected President Alberto Fujimori on the victory he won in the recent general elections.

He conveyed his congratulations by means of a letter dated Tuesday, 11 April, two days after the elections in question. The letter was delivered to various media agencies today just minutes prior to the departure of the mayor of Lima for the United States.

Belmont, the leader of the Civic Works Movement, also ran in the general elections last 9 April as a presidential candidate. He placed fifth, with only 2.58 percent of the citizens' votes.

The text of the missive delivered to the press office of the Municipality of Lima to be passed on to the media read as follows. "I hope that your reelection will be beneficial for the country, and for the capital of the Republic, as well." Ricardo Belmont also extended his congratulations to the vice presidents who will serve with Fujimori in the period between 1995 and the year 2000, as well as to the members of his group, Change 90-New Majority, who were elected to serve in the next congress.

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Future of Parties Discussed

95SMO296A (Internet) Peru DESCO Gopher in Spanish
20 Apr 95

[From Resumen Semanal 11-18 Apr]

[FBIS Translated Text]

PPC—Lourdes Flores Resigns

Lourdes Flores has submitted her definitive resignation from the post of secretary-general to the Popular Christian Party (PPC). "I must, in a spirit of generosity, recognize that the people have rejected us," she said by way of explanation. "As the head of the PPC slate, I accepted a responsibility. In view of the election results, what I must do is leave the post of secretary-general," she added. [Most dailies 12 Apr 95]

'Change or Death'

On 11 April, Mercedes Cabanillas, the presidential candidate of the APRA [American Popular Revolutionary Alliance], one of the parties defeated by the verdict of the people, proclaimed the slogan "Change or death." "I will continue to promote change," the APRA leader said, adding that there is an urgent need to reestablish the essence of the APRA, its operations, and its organization. "We must improve the mechanisms for communicating with the people. Perhaps it will be necessary to change our spokesmen, our interlocutors with the people," she said. "It will be necessary to make changes in the party leadership," she declared. "The secretary-general of my party has realized this," she indicated.

However, one sector of the APRA that claims to be faithful to the postulates of the founder of the party, Victor Raul Haya de la Torre, and thus opposes the party leadership, issued a statement in Chiclayo calling for declaration of a state of emergency in order to proceed to "rebuild the true APRA." The document, which was signed by Juan Jose Salazar, secretary-general for the department of Lambayeque; Hernan Garrido-Lecca, president, C.E. Generation on the March; Ramiro F. Priale; and Luis F. de las Casas O., among others, said the following: "The Aprist movement has passed moral judgment on the Alanist leadership. And so the members of this movement, the majority of whom are now operating outside the party, have refused to vote for these leaders because they have violated the party bylaws in order to serve their own purposes and to become opportunistic candidates. Invoking the right to rebellion guaranteed by the 1979 Constitution, we, the undersigned, appeal to the Aprists inside and outside the party, and to all of those who share the legacy of Haya de la Torre, to reject every effort made by the Alanist leadership to convoke a "national plenum" in an effort to perpetuate the role they play by making use of the mechanism of manipulated plenary sessions and conventions. We demand that Agustin Mantilla resign immediately as secretary-general of the party, following the honest and selfless example of the secretaries-general of the other

parties. We are asking the Aprist militants to join with us in convoking our own extraordinary congress. Its agenda would call for refounding the APRA, the election of new leaders, and the definition of a new political program—in all cases within the doctrinal framework handed down to us by Haya de la Torre. With a view to the holding of the extraordinary congress, we propose the appointment of an action commando with the Aprist mayors in the northern part of the country as its members, since because of the popular support they enjoy, they represent the best guarantee for the continuity of the APRA. We congratulate President Alberto Fujimori on his reelection and on the wide popular support he obtained. As true Aprists, we can only wish him success in his term of office, because his success will be that of all Peruvian citizens." [EL COMERCIO, LA REPUBLICA 13 Apr 95]

AP Endorses Leadership

On 12 April, the Popular Action [AP] party gave Raul Diez Canseco Terry, its secretary-general and former presidential candidate, a vote of confidence, and it also announced the holding of its next national congress. At the conclusion of the party meeting, AP issued the following statement. "The Popular Action political committee has approved the following resolutions: 1. The formal resignation submitted by Secretary-general Raul Diez Canseco to the leadership and the political committee is rejected. This decision means a vote of confidence for our valued party colleague, who is temporarily out of the country. 2. The committee believes that the presidential campaign was inevitably polarized between two forces—that represented by the reelection forces of the government, with all of their resources, and that represented with determination and patriotism by Ambassador Javier Perez de Cuellar. Because of this dilemma, the role played by other political forces, including Popular Action, has been characterized by real dedication to service, and it has been ennobled by visible sacrifice. This explains the results obtained, and, far from imposing a need to assign responsibility, merits patriotic recognition. 3. In the course of this year, the routine renewal of the party authorities will take place and the national plenary session will be held, as planned. The possibility of holding a party congress this coming 1 June is under study." [Most dailies 13 Apr 95]

Partidocracy Defeated

In an interview published in the Bogota daily newspaper EL TIEMPO on 16 April, President Fujimori said that he believes the "partidocracy" has been "defeated." He said that his victory was due "to the work we have done," and that the people of Peru wanted to bury the "partidocracy," a system characterized by "dubious compromises." He added that in his opinion, it will soon be defeated in other countries in the region. With regard to his triumph on Sunday, 9 April, he said that "there are no celebrations of the triumph planned, because we celebrate by continuing to work." Fujimori said that in

the battle against poverty, his government has promoted programs for both the short- and the medium-time range." In the short run, [poverty] is alleviated when the costs of goods and services to the poor are reduced," he said. He went on to explain that a second method involves economic growth, which makes it possible to channel resources into the neglected sectors. [Most dailies 17 Apr 95]

FBT—"The Ideas Will Survive"

On 16 April, Fernando Belaunde [FBT] made the statement that neither Popular Action nor the other parties defeated in the recent election will disappear. He said that "they will survive." "I will disappear, for reasons having to do with age," he added, "but the party and its ideas will not. The ideas will survive. These ideas will have new interpreters, who will perhaps enrich them." The former president stated with a certain irony that President Fujimori's recent victory was the product of an "electronic election." "This was the result of computer operations," he said. "There can be no doubt that [Fujimori] has support," he added. In the opinion of this former chief of state, the defeat of the other political parties should not be regarded as a serious setback for those organizations. "The parties will survive," he insisted, and, speaking of Popular Action specifically, "We continue to move forward." Belaunde said that there have been numerous doubts about the parliamentary election, and that therefore the makeup of the new congress is "extremely suspect." [LA REPUBLICA 17 Apr 95]

What Good Are the Parties?

In an interview granted to the HOUSTON CHRONICLE, President Fujimori proclaimed the end of traditional democracy throughout the world, and he said that "the participation of political parties in democracy is no longer a need. The people have learned a great deal. They have said enough of this kind of democracy. We want more efficient democracy—democracy that provides solutions to our problems." Democracy means serving the will of the people, so as to provide good administration, honesty, and results. The people do not want speeches. They do not want to be deceived by images. The political parties are no longer functioning well. They have led the country into disaster: They have failed. In many parts of the world, the poorest countries, in particular, the people will rebel against the democratic systems. They are asking themselves what purpose democracy serves. Why should we remain eternally poor, lacking electricity, water, and sewer services? Why should our children have to attend these horrible schools? Democracy should serve some purpose, contributing to the well-being of the people. I am certain that in various developing parts of the world, and I would venture to say in some parts of the developed world, as well, traditional democracy will be challenged. This model will be reproduced elsewhere, because the people have had enough of being manipulated by the leaders of

political parties, who establish agreements among themselves behind the backs of the people. This party system will come tumbling down, as the Berlin Wall did. In our country, this has already happened." [Most dailies 18 Apr 95]

A Democracy Without Parties

EXPRESO [15 Apr 95] expressed the following view. "If the existing parties have disappeared, the UPP is disintegrating, and New Majority-Change 90 is not becoming a party, what we have and what we are going to have, for at least the next five years, is an absolute party vacuum. This will be the first instance of a democracy without political parties—something presumed to be impossible, according to the thesis that without parties, there is no democracy. Here in Peru, Fujimori has effectively promoted a kind of direct democracy. He personally orchestrated the social reconstruction. He has gone to the new communities in order to work with the people on planning what projects will be carried out; to arrange for the necessary manpower, in exchange for state support; to supervise the progress of the work; to inaugurate the projects; and then to plan the next ones. In fact, this has eliminated any need for middlemen. But this kind of presidential leadership, of course, cannot be maintained indefinitely. The municipalities and other organizations will have to generate their own manpower capacity. On the other hand, it will always be necessary to have political groups that seek votes in order to win power. But even if these parties are, perhaps, more stable than those we have today, they need not endure forever, either. If the electoral system provides for multiple districts, which always tend to rally the small movements into a few larger ones, a somewhat more stable party structure may perhaps take shape. For the time being, however, there are no multiple districts, nor is Fujimori likely to cease to manage the social reconstruction personally. Thus there will probably be no stable political parties or organizations for a good while yet."

The Solidarity of the New Era

Cesar Hildebrandt [LA REPUBLICA 13 Apr 95] made the following statement: "Having swept both the upper-class districts and the dusty slums where simply surviving is the priority every morning—this is an electoral feat that demonstrates the Fujimori movement in action. But it is also the most direct accusation of the traditional political class, which is committed to a suicidal effort to convert the political parties into factories producing parliamentarians and into silent sanctuaries for old bores. It is not that the parties have aged. The fact is that the world that sustained them has collapsed and the new reality—one that has not yet emerged fully, but whose basic outlines we can already identify—does not need them as exclusive intermediaries, nor does it need their dogmatic formulas. A world in which everything is becoming relative is at odds with the ideologies of the traditional parties, which are imbued with often rhetorical certainties. And yet, political parties are essential if

democracy is to work well and become institutionalized. But what kind of parties? They cannot be like those in Italy that vanish in the stench of Tendentopolis, or those in Eastern Europe that function like costly mechanisms. Instead, the new parties must be broad, street-based movements, alert to the fast pace of technology and the constant changes in social habits. Rather than general and single-voiced responses, they must provide solutions for each sector. And rather than claiming to be paths to paradise, they will have to resign themselves to a modest goal—offering a tolerable world in which ecological concerns, the culture of idleness, and the increasingly large settlements of older people will be among the recurring issues. Should these parties reject values such as solidarity? Not at all. But the lesson of these times—and I am not speaking only of Peru—is that the egalitarian doctrine is in crisis, and it fails, perhaps, to reflect the deep-rooted ferocity in human nature. Wage earners battered more severely by the crisis than anyone else vote, whether it be in Italy or in Peru, for the Darwinism that could destroy them. They prefer this to the rhetoric of altruism and the devastation of the public deficits. To some extent somber and maestro, capitalism strikes the exact chord of the ancient predatory heart we all have within us. And the parties, which function as a brake, have long since ceased to engage in democratic pedagogy. Thus the solidarity of the new era does not look very much like the stories based on the French Revolution that the political parties told us as we sat by the fireplace as children. Equality will no longer be the future perfect form of the word "justice," but rather a myth and a lie accompanied by a religious vision of life. And solidarity will be possible only as a voluntary choice based on a condition of well-being—a correction of excessive concentration and lack of symmetry, but not a prerequisite to the process of accumulation. The party-guides will be characterized more by uncertainties than by certainties, and their aspects will bear the marks of life. But this cruel sincerity will probably make them more authentic and more deep-rooted."

As Hannah Arendt Put It...

Mirko Lauer has written as follows. "The most important phrase Fujimori himself has used is direct democracy," meaning, we suppose, as opposed to representative democracy, which he proposes as a formula for export to other countries. This is not the first time this possibility has been mentioned. Fujimori has defined his victory as a triumph of order. We have to suppose that this order that has just triumphed is the direct democracy to which he has referred. Now that the parties that were swept away by the force of weapons in 1992 have been swept away again in 1995—at the polls—the country has matured enough to begin to move away from the democracy Fujimori has been criticizing for the past three years. Fujimori is not thinking of political parties, either his own or any others, but of a direct formula adapted to the vision he has of himself as general manager of Peru. And in his earlier discussion of direct democracy, Fujimori defined the political parties, and by extension

everyone other than himself who engages in politics, as "intermediaries." We are witnessing a new attempt to establish what Hannah Arendt, speaking in Europe in the 1930s and 1940s, called "the direct alliance of the leader with the masses." In this connection, the poor performance of the parties in this election is doubly regrettable. This is true, first of all, because of what it says about the distance between the political party as an institution and the conscience of the majority, and secondly, because of the danger that the non-Leninist parties in this country will disappear and will be replaced by some formula that works for the state authority." [LA REPUBLICA 15 Apr 95].

Camet: Economic Course to Continue

95SMO296B Lima ANDINA in Spanish 18 Apr 95

[Received via Internet]

[FBIS Translated Text] Minister of Economy Jorge Camet confirmed today that the government will continue to pursue the current economic program based on the austere monetary and fiscal policies that have characterized it for the past five years.

"Fiscal austerity, discipline, and competitive capacity are the basic guiding principles of our economic policy. The government has decided upon them and imposed them upon itself, and they will not be changed, because the country must continue along the path of progress.

"Therefore, we will not alter the economic program, but will, on the contrary, consolidate what has been achieved in order to increase savings—and, as a result, investments. And, of course, we will not neglect the reduction of inflation to internationally acceptable levels and the correction of domestic imbalances.

"As a result, we will continue to increase the primary budget surplus, and an effort will be made to ensure zero domestic financing for the public sector. Free exchange will be maintained, and currency issues will continue to be coordinated with inflation.

"The improvements in tax collection and administration that have yielded important results will also continue, and budget income will be increased in the coming years as a result.

"Also, the privatization program will be continued. It is being relaunched now with the sale of the Continental Bank and the resolution of our foreign debt, for which negotiations with international banks will begin at the end of the first half of May.

"The capital accounts have been reconciled, resulting in a debt of \$3.15 million for the medium-time range, and \$650 million for the short-term. To these amounts must be added the interest figures, which cannot, of course, be reconciled, but can be negotiated."

At the present time, Peru has a solid economy with sufficient reserves to cover 12 months of imports, and

resources obtained from the privatization program amounting basically to five times our monetary base.

This solidity also reveals that exports are increasing—17 percent by volume, and 30 percent in value—and that direct foreign investment in such categories as mining, industry, and others will in the coming years total \$4 billion.

Another important factor in our economic policy is the development of social programs. In the coming months, it is hoped that various multilateral bodies will approve credit allocations in the amount of \$400 million for the social sector.

The importance of social investment and the needs of the country, however, make it impossible to eliminate the so-called antitechnical taxes this year, as the various business associations are requesting.

"It is impossible to eliminate the antitechnical taxes this year. Perhaps the feasibility of satisfying this demand will develop next year."

Camet also says that the current economic program has made it possible to reduce poverty. In recent years, two million Peruvian citizens have emerged from poverty, and a million have left extreme poverty behind. This latter category has declined from 24 to 19 percent.

In addition, 10 percent of the poorest Peruvians have experienced a 30-percent increase in their purchasing capacity, while 10 percent of those in the wealthier classes have increased their expenditures by 20 percent. This shows that the distribution of wealth has altered.

The economic minister made these statements during his address to the Third Annual Conference on Latin Finance, which had the theme "Opening the Peruvian Market to Investments and Competition."

Congress Votes To Abolish Faceless Judges

95SMO296F Lima ANDINA in Spanish 18 Apr 95

[Received via Internet]

[FBIS Translated Text] This afternoon, the Congress, meeting in plenary session, approved the draft law eliminating the "faceless judges" as a mechanism to be used in trials involving the crime of terrorism. This law will go into effect six months from the date of its promulgation.

The draft, which was submitted by the executive branch, says that in the future, only duly appointed judges identified by name will participate in trials involving the crime of terrorism.

The executive branch draft was approved without any amendments, and by a unanimous vote, with the sole reservation that a cautious period of time is needed prior to its implementation, bearing in mind the conditions previously required for the "faceless judges," as well as for the safety of the magistrates.

During this same congressional session, the commission that will appoint the members of the Constitutional Tribunal was established. The commission will be head by parliamentarian Carlos Torres y Torres Lara.

The congressmen who will serve as members of the commission are Victor Joy Way, Cesar Fernandez Arce, Carlos Ferrero, Francisco Tudela, Alejandro Kouri, and Carlos Cuaresma.

The new framework of commissions for the second regular legislature was also approved, with only two changes: the transfer of Congressman Francisco Tudela from the Economic Commission to the Defense Commission, and of Enrique Chirinos from the Defense Commission to the Economic Commission.

Human Rights Leader on Potential 'Future Violence'

95SMO281B Lima REPORTE ESPECIAL/DESCO in Spanish Feb 95 pp 16-17

[Interview with Susana Villaran, executive secretary of the Human Rights National Coordinating Board, by David Montoya; place and date not given: "There Are Seeds of Future Violence"]

[FBIS Translated Text] David Montoya interviewed Susana Villaran, who was recently elected executive secretary of the Human Rights National Coordinating Board, on the subject of the human rights situation in Peru.

[Montoya] What is the status of human rights in Peru, in the opinion of Susana Villaran?

[Villaran] At the present time, as we said in the 1994 Report on Human Rights, political violence has diminished. This pleases us. The number of victims, the loss of human lives we can attribute to political violence, is much lower than the figures for earlier years. In 1994, 640 persons died in incidents directly linked with acts of political violence. Because human lives are involved, this is a reason for the Human Rights National Coordinating Board and its 47 member organizations to continue to be concerned about the violence that is still causing deaths. This is happening especially in certain specific zones in our national territory termed "hot zones." An example is the zone of Huallaga, where because of various factors, political violence continues to be intensive. These factors include the presence of the Sendero Luminoso [Shining Path], the drug trafficking, and an antisubversive and antinarcotics policy that ignores the necessary safeguards for the civilian population, as the events that occurred in Huallaga in April of last year demonstrated.

On the other hand, we are experiencing what we have termed the aftermath of the violence of these past 13 years. Its consequences include unjust accusations of terrorism made against innocent people. Many individuals have been arrested, tried, and sentenced on the basis

of antiterrorist legislation—which, as we know, violates all of the safeguards of due process. The bodies that are members of the Coordinating Board alone are dealing with 700 cases of innocent individuals who have been arrested, and some of them convicted. The Coordinating Board does not take on any case—nor do its member bodies take on the defense of any individuals—whose innocence is not adequately documented.

[Montoya] The fact that the number of human rights violations has declined is well known. However, are some violations of the civil and political rights of individuals still occurring?

[Villaran] While there are indeed fewer cases of human rights violations directly linked with political violence (last year we had reports of 30 persons who had disappeared), what has to be said is that serious cases of human rights violations have not declined in the same way as political violence has, because there is still no evidence of political determination on the part of the government and the bodies that administer justice to halt these violations. We have one case, very serious, that has to do with impunity—and this is not the only one. This is the La Cantuta case. In 1994, three branches of the state conspired together to allow an absolutely clear and obvious case to be heard in the military courts, and not all of the individuals involved were penalized. Impunity has also characterized a whole series of other cases in Peru, cases that are still pending, and there is no political determination to justify the claim that there has been a reversal where violations of the human rights of individuals are concerned. We have the issue of torture, which is widely practiced by police and military agents.

[Montoya] This is a constant aspect of police and military investigations.

[Villaran] Precisely. But it does not apply only to the cases of those arrested for the crime of terrorism. Instead, it affects all of the individuals taken into police or military premises. But mistreatment and torture are not characteristic of the agents of the state alone, but also of the acts of popular retribution, and of the Self-Defense Committees. This is the situation in which we find ourselves. We are suffering from the consequences of the war, and violations of human rights that continue to be serious even now, despite the decrease in political violence. Also, there needs to be a transition in order to safeguard economic, social, and cultural rights, which the Declaration on the Right of Man says are basic and indivisible human rights.

[Montoya] Tell us about first- and second-generation human rights.

[Villaran] Here there is no change. This is a part of what the human rights bodies and the Coordinating Board have always counted on. The fact is that in the early years, the simple task of overseeing individual, civil, and political rights was beyond the capacity of the bodies dedicated to the defense and advancement of human

rights to act. To some extent, it still is beyond their capacity for action. But if you read all of the reports the Coordinating Board has drafted on the subject of these social, economic, and cultural rights in recent years, this task can be seen as a constant focus of concern. Here there are no changes. What it is needed is to focus even more intensive attention on this dimension of human rights, which is inseparable from individual and political rights.

[Montoya] Almost a half of the population of Peru lives in the emergency zones. Are these states of emergency necessary?

[Villaran] This is of great concern to us. Of the total Peruvian population, 48.2 percent, along with 25 percent of the national territory, and a substantial proportion of the provinces in 11 of the Peruvian departments, are in a situation currently characterized by the subordination of the civilian authority to the military authority in the emergency zones. What concerns us even more are some statements made by Minister of Defense Victor Malca to the effect that the authority of those in charge in these emergency zones is to be extended, and that they will be responsible not only for combating subversion in these areas, but for combating drug trafficking and poverty as well. This is an issue that concerns us greatly, particularly in connection with the electoral process and the possibility that it may cast a shadow over the elections in these zones. However, we are also concerned because in these zones, the forced recruiting of individuals for the Self-Defense Committees is continuing. In this connection, the organization of civil defense groups continues under the jurisdiction of the military commanders.

[Montoya] But in practice, this means formalizing the authority that the Armed Forces—and the Army, in particular—have already had in these zones.

[Villaran] In order for the Armed Forces to contribute to national development, they do not need to control the civilian population or the legitimate, elected authorities. They will play a role in the battle against poverty, but they do not need emergency zones to do this.

[Montoya] Another of the problems in this aftermath of the war is the authority the Self-Defense Committees have been claiming for themselves over the rest of the population.

[Villaran] In fact, in areas such as the valley of the Apurimac, and in the Ayacucho jungle zones, it would appear that the Self-Defense Committees have entered into a relationship with the drug traffickers. This is very dangerous. In other zones, these committees are said to be claiming the authority to settle conflicts concerning water, land, etc., backed by the 70,000 weapons currently in the hands of the civil Self-Defense Committees in the country. The seeds of future violence are to be found here, and what is needed is to be very alert in this connection, and to review the legislative proposals concerning the peasant patrols and the Self-Defense Committees that are being considered. Some aspects of this

legislation should be discarded immediately. Subordination of the committees to the military authorities is one problem. On the other hand, there is a need to define the scope of action of these self-defense groups and their right to possess weapons. They must be prevented from becoming civilian militia bodies under military control, on the one hand; and, on the other, interference with the autonomy of certain patrols in the northern part of the country must be avoided.

[Montoya] Let us return to the subject of political violence. Within the Sendero Luminoso, a kind of "resistance" and retreat into political work can be seen, both in the interior of the country and in Lima. In 1993, the government announced that the MRTA [Tupac Amaru Revolutionary Movement] had been eliminated—and today we find an MRTA concentration in a certain region. What is your assessment of this situation?

[Villaran] Where the Sendero Luminoso is concerned, the most important battle has been won, but the organization does continue to exist. There is a sector that is not in agreement with the peace accord. It is continuing to carry out actions, about which we already know, and, in addition, to engage in political activity in certain zones. In Lima, we know that there are sectors in Villa El Salvador and San Juan de Lurigancho where they are organizing on the political level. The organization is to be found in some sectors of the magistracy. This shows us that we must never relax our guard concerning the development of the Sendero Luminoso. Happily, it will never be the organization it was in the past, but to claim that it no longer exists would lead Peruvian society and the government making this claim to lower its guard to a very dangerous extent.

[Montoya] Safeguarding human rights requires two things—adequate juridical norms, and also an institutional system that ensures observance of them. In the medium-time range, it does not seem likely that this situation will change. Is this true?

[Villaran] The Goldman Report submitted last year said that our antiterrorist legislation is comparable to that in other countries, such as Germany and Italy, and that it violates all the safeguards of due process.

We have submitted proposals, but the government suspended only two of the decrees in 1993—that pertaining to the inapplicability of habeas corpus demands, and that imposing a restriction, in one single case, on the lawyers defending individuals accused of the crime of terrorism.

In 1994, there were no changes in the antiterrorist legislation, except for one law resulting from a presidential announcement to the effect that individuals charged with terrorism will no longer be introduced in prison garb. Minister Vega Santa Gadea announced in Geneva that the "faceless judges" and the part of the antiterrorist legislation allowing the sentencing of those under 15 years of age will be eliminated. These two statements had

been proposed in the Congress earlier. We see all this as good, but what the Coordinating Board proposed in 1993 is entirely different legislation that would really guarantee individual rights, would not violate constitutional norms and international agreements, and should be taken into account in its totality. This proposal was drafted not by the Coordinating Board lawyers alone, but rather in a joint effort with the Lima College of Lawyers.

As to the bodies to be entrusted with the administration of justice, the 1993 Constitution proposes the establishment of an office for the defense of the people. How can we explain the fact that the government has a majority in the Congress, but has not yet approved the law in this regard? The Court of Constitutional Guarantees, the National Council of the Magistracy, the Prosecutor for Human Rights—all of these are mechanisms and institutions for the administration of justice that are still not functioning. This is clear evidence of the lack of political will.

Modifications to Counterterrorist Law Noted

95SM0281D Lima REPORTE ESPECIAL/DESCO in Spanish Feb 95 p 5

[Unattributed article]

[FBIS Translated Text] The government recently submitted a proposal to the Congress through the Ministry of Justice calling for further amendments to the antisubversive legislation.

The first change would put an end to the special secret courts for cases involving terrorism—"the faceless judges." These cases would revert to the jurisdiction of the ordinary criminal judges and courts. The second change would allow the lawyers of those accused to be with them from the moment of their arrest. Up until now, attorneys have been able to make contact with those arrested only at the time of the police presentation—that is to say, some ten days after their arrest. And the third change would reestablish exemption from criminal liability for those under 18 years of age. As is known, this exemption had been eliminated where cases involving terrorism were concerned.

Miguel Jugo, the director of the Association for Human Rights, has expressed the view that these are major changes. However, he explained that there are still other substantive aspects of the legislation that also need to be amended in order to protect the rights of those being arrested, tried, or convicted. By way of example, he noted that the government still will use the military courts for cases involving civilians charged with treason against the fatherland—aggravated terrorism. He also noted that because of the norms in effect, the police and their reports still play too large a determining role in court judgments and are further limiting the judges' independence in making their rulings.

Ecologists Sentenced for 'Terrorism'

95SM0281E Lima REPORTE ESPECIAL/DESCO in Spanish Feb 95 p 6

[Unattributed article]

[FBIS Translated Text] In early March, a special chamber of the Chiclayo Higher Court sentenced Maria Elena Foronda Farro and Oscar Diaz Barboza to 20 years in prison for the crime of terrorism. The least dubious justification in the police report is the testimony of a "repenter" who named these two individuals as members of the MRTA [Tupac Amaru Revolutionary Movement] in Chimbote. But even so, this is not a strong enough argument to sustain a ruling of grounds for trial or a conviction.

In the arguments in defense of the two individuals, it was pointed out that the accusatory testimony makes no mention of any document, action, or terrorist meeting at which one of those accused was present, nor does it attribute any subversive pseudonym to either one. Nor were weapons or subversive propaganda confiscated from the two accused. The defense also claimed that an alleged manuscript attributed to Foronda was merely "evidence planted" by the police.

Even so, the trial judge ruled that there were grounds for a trial. And so, after the accused had been detained for five long months, the hearings on the case began on 10 February. They continued on 14 and 15 February, and on February 20, the lawyers made their oral pleadings. Sentence was to be pronounced that same day, but there was a postponement, so that the verdict was finally handed down on 1 March. The defense has appealed the decision to the Supreme Court.

Until they were arrested on 13 September 1994, Foronda and Diaz were employed as directors of Natura, an ONG [nongovernmental organization] dedicated to environmental protection. Amnesty International and the international ecology organization Green Peace have demanded the release of both individuals.

Human Rights Group's 1994 Publication Reviewed

95SMO281F Lima REPORTE ESPECIAL/DESCO in Spanish Feb 95 p 6

[Unattributed article]

[FBIS Translated Text] At the beginning of this year, the Human Rights National Coordinating Board published its report for 1994 in the form of a harsh but meticulously annotated book.

One of the most important conclusions in the report says that the Sendero Luminoso [Shining Path] "continues to commit barbarous crimes against the people, confirming its contempt for life and the dignity of human beings." Referring to the MRTA [Tupac Amaru Revolutionary Movement], the report describes actions that "border on common crimes."

The report also says that "we note the decline in extrajudicial executions and forced disappearances, along with the reduced level of political violence in general. However, the situation continues to be worrisome in these areas."

Torture is a daily practice. Impunity for those responsible for serious human rights violations has become established as a state policy.

The report expresses concern about the hasty deactivation of the system of special prosecutors for the defense of the people, the continuation of the states of emergency, the militarization of the peasant patrols, and the expansion of the death penalty in Article 140 of the Constitution.

Finally, the report makes substantive recommendations—suggesting, for example, that the antiterrorist legislation be amended to reestablish the norms pertaining to due process; that a high-level mechanism be instituted to review cases involving innocent individuals unjustly convicted; that minors under 18 years of age be ruled exempt from criminal liability; that national programs for education in the democratic and humanitarian values be established; and that such institutions as the Constitutional Court, the National Council of the Magistracy, and the Office of the Defender of the People be speedily established.

Uruguay

Sanguinetti Sends U.S. Solidarity Message Regarding Oklahoma Attack

PY2404231795 Montevideo EL PAIS in Spanish 20 Apr 95 p 10

[FBIS Translated Text] President Julio Maria Sanguinetti this afternoon sent a message to his counterpart, the President of the United States, Bill Clinton, expressing his and the Uruguayan people's solidarity with the United States in the face of the grave terrorist attack in Oklahoma City.

The text of the message is as follows:

"Please receive, on my behalf and on the behalf of all Uruguayan people, the expression of our solidarity in view of the tremendous terrorist attack in Oklahoma.

"These episodes impose on us, democrats from around the globe, a renewed commitment to fight terrorism in all its forms. In this area, our own civilization demands from us a commitment that extends beyond frontiers or borders."

[Signed] Julio Maria Sanguinetti, president of the Republic of Uruguay

Broad Front's Seregni Interviewed

PY2404172895 Montevideo BRECHA in Spanish 13 Apr 95 pp 3, 4

[Interview with Broad Front leader General Liber Seregni by Marcelo Pereira; place and date not given]

[FBIS Translated Excerpt] [Pereira] The exclusive agreement between Blanco Party and Colorado Party members—in other words the fiscal adjustment—did not fulfill the aspirations of many. What is the stance of the Broad Front on this situation?

[Seregni] The agreement practically achieved by three leading parties, together with a good number of votes of the New Sector, created a difficult problem for the new president, but he could have solved the situation differently. The political acts following the elections did not meet my expectations, but they are facts and we must evaluate them.

Acts like [President Julio Maria] Sanguinetti's visit to the Blanco Party's executive committee have a tremendous meaning. In 1985, after the dictatorship, we foresaw, as [the founder of the Social Democracy in 1928] Carlos Quijano pointed out, the formation of two large political groups; one progressive and one conservative. But it is not a matter of pointing out our achievements. What actually matters is that realities are becoming apparent. Beyond social-democratic goals or programs, there is a belief that has philosophical roots, that draws the Colorado Party and the entire Blanco Party closer. The government that has just been installed already has already gone far from its pre-electoral discourse.

Since 27 November [1994, date of the general elections], we believe that—even in the economic area—we could find points of agreement. This is especially true because Sanguinetti—like us—emphasizes the need to support the implementation of measures to correct the over valuation of the Uruguayan peso. Many people supported him because they believed in these proposals and supported the Program 2000 project. Now things have changed so much that most citizens are in a state of shock [preceding word in English].

[Pereira] What is the reason for this difference between the Battleground Forum's promises and actions?

[Seregni] I am not saying the campaign was full of lies or cheating, but the idea of implementing a consensus government failed after the initial exchange of goals. In my opinion, this failure was largely due to the agreement with Luis Alberto Lacalle [and the Colorado Party]. The Herreraist faction asked a high price for its participation in the governmental alliance and—as this alliance was needed to achieve the congressional support that Sanguinetti wanted—it received great concessions, especially in the field of economic policy. The basic agreement between the traditional parties excluded the rest of the political spectrum, especially us.

National and international circumstances indicate that single party governments are over, and coalitions are required. The problem is how to combine these coalitions. The current coalition has been arranged with a conservative idea, ignoring the contribution that we, the

progressive forces, were willing to make. Now the government is promoting measures against the interests of most people, and we must oppose it because we want to represent—and do represent—the interests of largely unprotected sectors. We have no choice, but we are not merely opposing the government. We profoundly adhere to Alberto Couriel's extremely apt remark: "We want the Sanguinetti administration to be the first 21st century administration, not the last 20th century administration."

[Pereira] With the government's social security, constitutional reform, and public security projects, the opposition stance of the left seems unlikely to change much.

[Seregni] Of course. But as we know from dialectics, a quantitative accumulation causes a qualitative effect. We do not want a heavy, confrontational atmosphere to become established, but discontent and rejection are beginning to accumulate and suddenly, facts are leading us into a heavy, confrontational situation.

There is another problem. With the fiscal adjustment (that law named, for God's sake, "Tax Reorganization and Competitiveness Improvement"), it is becoming clear that democratic exercises, an in-depth discussion of problems in Congress, are not being carried out. Even the small amendments agreed between Colorado Party and Blanco Party members in the Chamber of Deputies have been implemented outside the Finance Committee. It is predictable that the Senate will approve these amendments on 19 April. I know prompt action will enable collection to begin immediately, but this would establish a course of action detrimental to democratic coexistence, and lead to undesirable situations.

[Pereira] Some people say the national mobilization campaign against the adjustment announced by the Broad Front does not contribute to this democratic coexistence either, because it overlooks a congressional decision.

[Seregni] The purpose of the campaign has been misinterpreted. The law has been approved, but, as in 1990, it saddles those with fixed incomes—the majority—with the burden of this adjustment. People are aware that they are being asked to gradually pay more: 23 percent VAT [Value Added Tax] and 2 percent more on bread, milk, sugar, noodles, and medicines. The government wants to raise funds where it is easiest, but this involves a tremendous social injustice. How about equality? Luxury assets or deposits in foreign currency, on which even small taxes would yield tremendous revenues, are not touched at all, following that old myth of the financial market that we would discourage depositors.

As I said before, there is tremendous frustration in all this. There is hopelessness and disbelief in the system and in the parties which this may lead to strong confrontations that would not help to promote changes. The campaign that we will begin seeks to regain hopes and orientate this rejection towards finding solutions.

This does not involve prematurely launching an electoral mobilization. We are thinking of 1995. We want to report on how our deputies acted. Our deputies rejected certain tax mechanisms and proposed alternatives (not just direct taxes, on which we will insist, but other taxes that could be collected quickly to cover current needs), approved some appropriations for revenues already collected, and proposed other appropriations as a responsible progressive project which would have not caused any disturbances in our country.

When we asked [Finance Minister Luis] Mosca if he planned to make progressive changes in the tax system, he told us: "We will make progressive changes in the budget and I have a group of people working on this." The budget represents a major mechanism for the economic policy, both for the fiscal deficit—beyond all opinions on its acceptable level—and for the appropriation of funds to fight poverty, hunger, and other problems. Therefore, it is not a matter of protesting against a fait accompli, but getting people to think and to form public opinion so that the budget will end the adjustment's backward decisions, and supply solutions.

[Pereira] Nevertheless, the Colorado Party and Blanco Party majority will be enough to approve the budget. Why do you believe there will be a change of direction in Congress?

[Seregni] Because public opinion is important and there is a vast social majority—including many entrepreneurial sectors—that want a different policy. It is not just a matter of our congressmen fighting in the committees, it involves arousing a significant expression among social sectors. This must be prepared right now. We must restrain this government because social pressure, which must always be diverted toward undesirable corporatisms, should be orientated properly, supporting a proposal that will serve collective needs.

[Pereira] So, the long-standing dilemma of choosing between mobilizations and negotiations is resolved by carrying out both.

[Seregni] When it comes to political issues, is there an alternative to permanently mobilizing and negotiating, producing changes in the balance of forces and, after these changes have been achieved, negotiating?

[Pereira] The refusal by the Broad Front some days ago over the approval of candidates for the boards of autonomous state-owned banks and enterprises was a gesture of its opposition to the government. This was even questioned by your party's executive committee.

[Seregni] Now more than ever, there must be a very active involvement in public affairs. If not, you read in the papers a list of posts allotted to each faction of the National Party within those decentralized government agencies resulting from a cold calculation of their clout in Congress. We could say: "Forget this and evaluate each candidate when they are proposed according to

her/his capacity and qualifications for the position in question." I think such an attitude would in a way be like playing their game."

Another alternative is to say: "We did not participate in this agreement because we were left out, and now we refrain from getting involved in the issue of those appointments. Some valid objections were raised at our executive committee: "But we must vote for so-and-so, mustn't we?" This does not mean we are passing judgment on the value of the candidates; some must be quite able, while others, of course, are not. We are not rejecting them as a group; let us have a voice in each case in particular. Our attitude should in no way cause people to make a fuss and say: "The Broad Front is pathetic, it's always singing the same old song" because that is what the Party of the Government by the People did all the time during the previous administration without any problems.

[Pereira] How about appointments for control agencies?

[Seregni] There is a moral and political agreement on that under which the president of the Republic pledged not to leave us out.

[Pereira] Those appointments must be confirmed by two-thirds of Congress. As the Colorado and National Parties do not have that majority, they must have the support of the New Sector Coalition.

[Seregni] Right. [New Sector Coalition] Senator Rafael Michelini clearly told me that in no way would he tolerate the non-inclusion of the Broad Front.

[Pereira] Still, proposals for those nominations are conspicuous by their absence. What is happening?

[Seregni] What happens is that the National Party demands that "its" quota should not be modified. If, for example, seven members sit on the Court of Audits they want three posts for their party and want the Colorados to cede one, in which case they will lose their majority. And yet, given the role of control agencies, it is the opposition which should hold the majority, but the traditional sharing approach prevails. German Rama's proposal that appointments in the education system should not be made according to partisan feelings was well received by the public, but then they insisted on partisanship. Other than that, there is no explanation for the delay. We hope that, at least, our expectations for agreement will not be frustrated when discussing the education reform, as was the case with the economic program. Anyhow, we will continue to provide constructive proposals.

Whenever one is able to step forward, one must always do it. History shows—among other important things—that it is difficult to make enormous strides. People are realists; they want security and achievements now, not in the year 2500. We saw that with the Brazilian elections. Fujimori's reelection is like a political aberration. One thinks these things cannot happen, but they do. Beside

doing many appalling things, the Fujimori administration rolled back inflation to one digit and greatly contained the problem of the Shining Path. We cannot take these things lightly. We must be able to see, without Messianism, what the long-suffering Uruguayan people really want. [passage omitted]

Venezuela

Council of Ministers Authorizes Use of Brady Bonds

PA2504014095 Caracas EL GLOBO in Spanish 21 Apr 95 p 2

[FBIS Translated Text] The Council of Ministers has reformed Decree No. 326 and has authorized the use of Brady bonds in the Venezuelan Bank of Credit (BVC). The price of these securities must not exceed by more than 10 percent the prices registered at the closing of the New York Stock Exchange [NYSE] the previous day. Finance Minister Luis Raul Matos Azocar has presented alternatives to reduce budget expenditures that will affect the constitutional allocation, investment allotment, and, indirectly, the administration of personnel in the ministries.

Decree No. 627 modified the regulations so as to manage and obtain foreign exchange, as stipulated in Article No. 326, which was issued on 31 August 1994.

The new decree is in response to the conflict that had emerged in Venezuela over the price of Brady bonds in the Caracas Stock Market. These bonds were used as a mechanism to obtain foreign exchange.

The JAC [Exchange Administration Board] protested this action. Several JAC members argued this procedure violated the fixed exchange system.

The trade of these bonds, which the Venezuelan Government has not opposed from the financial viewpoint, has become legal following the reform. Decree No. 627 establishes:

Article 30: The supply and demand of government securities in foreign exchange, whose law of issuance authorizes their sale of capitals in the domestic market, will be regulated by the terms and conditions proposed in this decree and those stipulated in the applicable law.

Article 31: The price of these securities in the local stock market must not exceed by more than 10 percent those registered at the closing of the NYSE the previous day.

This reform was announced by Guillermo Alvarez Bajares, director of the Central Information Office, who has said these are the most significant reforms registered, because the rest of the decree refers to procedural matters.

Thus, it is established that "once the operations of purchase or sale are conducted by the trading organization, these operations will be recorded and reported to the JAC Technical Office."

Alvarez Bajares has said these securities will be available to pay the foreign private debt registered or in the process of being registered.

The validity of Decree No. 627 begins as of its publication in the Official Gazette. Alvarez Bajares has said that its publication was slated for the following day—that is, today—and that if the publication of this decree actually took place, this would imply the trade of Brady bonds in the Caracas Stock Market could take place this Friday as stipulated by legal norms.

This reform precludes the existence of a parallel market of the dollar to the fixed system, which sets the exchange rate at 170 bolivares per dollar and averts speculation in the local stock market on the price of the bonds. Finance Minister Matos Azocar should have provided these explanations, but he opted yesterday to use the escape door at Miraflores known as El Manguito to dodge reporters.

It was learned that the reforms of the exchange regulations will continue to create other mechanisms designed to speed up the sale of foreign exchange.

Declaration on Drug Fight, Other Issues Signed With Paraguay

PA2504023895 Caracas EL UNIVERSAL in Spanish 21 Apr 95 Section 1 p 10

[Text of declaration signed by Venezuelan Foreign Minister Miguel Angel Burelli Rivas and Paraguayan Foreign Minister Luis Maria Ramirez Boettner in Caracas on 20 April]

[FBIS Translated Text] Yesterday, the Paraguayan and Venezuelan foreign ministers, Luis Maria Ramirez Boettner and Miguel Angel Burelli Rivas, respectively, signed a joint declaration committing themselves to put into effect mechanisms aimed at jointly fighting drug trafficking, corruption, and terrorism and promoting cultural, trade, air transportation, and tourism exchanges.

During the first day of Ramirez's official visit, the foreign ministers pledged to make the Venezuelan-Paraguayan Joint Commission on Drug Matters meet during the fourth quarter of this year to exchange information on drug production, trafficking, and illicit consumption.

As the visiting official, who will stay in Venezuela until 22 April, arrived at Maiquetia Airport from Buenos Aires, he advocated the opening of direct flights between the capitals of these two nations by the Viasa and Lacsa [as published] airlines. "It is so difficult to travel between Asuncion and Caracas that I had to travel by night and sleep in Buenos Aires to catch the plane this morning. I believe we need a more direct flight. Viasa could land in Asuncion once or twice during its flights to Buenos Aires or Montevideo, and Lacsa could stop over in Caracas during its flights to Miami," said the official, who was welcomed by his Venezuelan counterpart.

Ramirez was optimistic over the economic integration prospects between the Andean Group and the Mercosur [Common Market of the South] nations. In this regard, he said these two organizations could first implement a free trade zone and then a common market.

Paraguay is holding the alternating Mercosur presidency for six months.

The Declaration

Following is the complete text of the joint declaration the two foreign ministers signed:

Joint Declaration

In an effort to exchange information on drug and psychotropic substance production and trafficking, they committed themselves to hold the first meeting by the Venezuelan-Paraguayan Joint Commission on Drug Matters in the last quarter of this year.

The two ministers announced the Joint Commission's first meeting on cultural matters to be held in Caracas by late 1995 and instructed their respective foreign ministries to draft an agenda in coordination with the corresponding organizations of each country in the areas included in the existing cultural agreement between the two countries.

In order to foment the information exchange in areas of common interest and the training of the staffs of the two foreign ministries, the ministers signed a cooperation agreement between the Pedro Gual High-Level Diplomatic Studies Institute of the Venezuelan Foreign Ministry and the Diplomatic and Consular Academy of the Republic of Paraguay.

The foreign ministers reaffirmed the need to adopt international mechanisms to confront corruption and to continue the fight against terrorism, because these two scourges constitute a continuous threat to the political and social stability of the peoples.

They stressed the hemispheric efforts to consolidate the many integration processes and expressed their hope for a true rapprochement between the Andean Group and Mercosur.

They also stressed the existing renewed atmosphere for strengthening the cooperation between the two countries through mechanisms aimed at promoting their peoples'

sustained development and fruitful actions in the regional and international arenas.

In addition, they pointed to the increase in the trade flow between the two nations, which indicates an effective rapprochement between their two economies, thus promoting the consolidation of a sustained economic development for the two parties, as well as the necessary opening of their two markets.

They recognized the significance the exchanges among businessmen and authorities of the two countries have to strengthen and complement the many aspects of the bilateral economic relations, the reason why they urged their nations' private sectors to reinforce their programs geared toward promoting trade and investments and strengthening their institutional ties. With this objective in mind, they reiterated their willingness to promote the development of the national chambers of commerce of their respective nations.

Furthermore, they agreed on the need to stimulate the media and transportation means between the two countries, particularly the effective compliance with the air transportation agreement signed on 17 July 1992. They also agreed to ask the relevant authorities to reanalyze the practical forms in which the airlines of the two countries could take advantage of the opportunities laid out in the agreement.

The signatories acknowledged the preeminent importance the creation of an appropriate legal framework, which would protect investments, could play to make the investment flows to each country increase. In this regard, they agreed to exchange investment promotion and protection models that will allow them to begin the respective negotiation processes.

The two foreign ministers voiced their interest in stimulating the artistic exchange and flows, the reason why they announced their governments' willingness to ease exchanges in this matter.

The conversations the two ministers held took place amid a cordial ambiance and contributed to strengthening the existing ties of friendship and to opening new horizons in the relationships between Venezuela and Paraguay.

Signed in Caracas on 20 April 1995.

Miguel Angel Burelli, foreign affairs minister of the Republic of Venezuela

Louis Maria Ramirez Boettner, foreign relations minister of the Republic of Paraguay

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